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BR DOCUMENTS ON INTERROGATIONS OF PECI, SANDRUCCI

Transcript of Roberto Peci Grilling

Rome AVANTI! in Italian 8 Jul 81 pp 5-6

[Text] The document the Red Brigades (BR) left for police to find is the transcript of the "interrogation" to which Roberto Peci was subjected while being held. The text -- 29 typewritten pages in question-and-answer format, like an authentic court record of police questioning of a suspect -- actually covers only the first portion of Roberto Peci's "interrogation" and concludes with a reconstruction of the events occurring right up to the period immediately following the Carabinieri raid on the hideout on Via Fracchia, in Genoa, where four BR members, including two members of the general staff (strategic leadership) were killed.

The text covers substantially the same facts as Roberto Peci recalled them 4 days ago in his "statement number 2", and describes the personal contacts he had with his brother Patrizio (there are even detailed detailed descriptions of the phone calls Patrizio Peci made to family members to tell them he was fed up with hiding out), activity inside the ranks of the armed struggle, his contacts with the Carabinieri, and the start of his "cooperation" with them and with the police.

The interrogation begins with questions about the first rumors of "repentance" (turning state's evidence) on the part of Patrizio Peci:

[Question] When did all this begin? What was the first move in this business between you and Patrizio Peci?

[Answer] As I remember, it all began with that awful phone call in May 1979, when my brother called home at 0900 on Sunday morning and broke into tears over and over again, and made it plain to us all that he was in deep trouble.

[Question] Why did he cry?

[Answer] He didn't cry when he was talking to me. He cried when he was talking to Mother and said he was exhausted and under great stress from the way he was living and that he had been accused of things he hadn't done.

[Question] Did your mother tell him, even as early as that, to turn himself in?

Answer] That's not quite the way it was. She told him, "You chose the way you wanted to go yourself, but now think over the pros and cons, and if you don't feel like it, don't go on with that life any longer."

The interrogation then shifts to a scrutiny of the events leading up to Roberto's first arrest at the Ancona offices of the National Small and Medium Businessmen's Federation (CONFAPI). Roberto says that another "pentito" had used his name, and openly admits that he did take part in that action and then denied it because the Carabinieri had no hard evidence to link him with it.

Then comes an account of his first questioning by police, with a magistrate, two attorneys, and three Carabinieri present -- one of the latter a captain -- which led to a request for information about his brother. "They said: 'Look now: we know that your brother made several phone calls to your house and your sister's house; we know that he is going through a touch-and-go time right now, a turning-point in his life. Certainly your brother is no longer really lucid; he's not a man who can think straight any more, and you'll see -- sooner or later he's going to shoot it out with us and we'll get him. It's better to arrest him before that happens.'"

"So then I said, 'Let me see what I can do.' They kept right on pushing. 'You've got to bring your brother around; at least you have to talk to him and make him understand the situation.'"

According to Roberto, this pressure from the Carabinieri was enough to persuade him to go along, not only because doing so would help save his brother's life, but because going along was the only way he himself could ever hope to "see the outside of a prison again," as he quotes a repeated threat from his questioners.

The transcript then shifts to a description of the 10 days during which Roberto Peci was held in Fossombrone prison for the CONFAPI job. Roberto says he had suffered from bouts of depression that led him to threaten suicide, and that consequently he was given massive doses of tranquilizers: 3 ampoules a day of Talvin and Valium. While he was at Fossombrone, however, Roberto Peci had a chance to see members of his family, and he could listen to news broadcasts on the radio and watch the TV news reports.

On the 10th day of his imprisonment in Fossombrone the Carabinieri appeared on the scene again, this time to suggest that he help them take his brother -- something Roberto says he had begun to consider as a possibility.

Roberto Peci was immediately released from prison, and Patrizio was informed of that when he telephoned his sister. A few days later Roberto and Patrizio talked on the telephone, and agreed to meet in Turin.

[Question] How did you manage to recognize each other? Did he recognize you?

[Answer] You're trying to tell me I can't recognize my own brother?

Roberto then states that he went to the San Benedetto Carabinieri headquarters with his mother, his father, and his sister, Ida (No, my wife didn't come with us: it was a family matter and we were talking it over among ourselves") to negotiate for guarantees that Patrizio "would be taken alive."

The NCO on duty said that he did not have the authority to make such a promise, and disappeared for a couple of hours, after which he had Roberto talk to somebody who "said he was Dalla Chiesa, and then I remembered his voice from television, and he gave me his word as a general that nothing would happen to Patrizio, and then I told him about this appointment [in Turin]."

At this point his kidnapers ask Roberto:

[Question] On what possible grounds could a leftist believe that it is better for a communist to stay in jail rather than to be free?

[Answer] Because he was pulling a lot of cockamamie stuff. Even I understood by that time that he was on the skids."

Roberto Peci then goes on to describe his first talk with Dalla Chiesa and states that when he asked for guarantees that Patrizio's life would be spared the general replied: "I have never given a written guarantee to anybody in my life, and yet I have always kept my word. my word is worth more than anything else, and even my enemies will tell you so."

Roberto's appointment with Patrizio was set for a date around 15 December 1979, but Roberto says that the Carabinieri forbade other members of the family to go along "because that would have screwed up the whole situation."

Roberto says that 3 days later a warrant officer informed him that Patrizio had been captured, then states that he had no further information, and so he telephoned Caselli.

[Question] Why did you telephone Caselli, of all people?

[Answer] Because almost a month had gone by, and besides I knew him from television, and I knew he was in Turin.

[Question] But what did Caselli know about it? This whole business was a Carabinieri plan; what did Caselli have to do with a fugitive named Patrizio Peci who was being sought by the D.A.'s office in Rome?

[Answer] I don't know. But anyway I told him that I wanted news of Patrizio Peci who had been arrested around Christmas time in Turin. I

said I wanted to know what prison he was being held in. [Caselli] was astounded. I felt he was sincere when he told me he didn't know anything about it. So I told him the whole story, even that I had talked to Dalla Chiesa and that I knew my brother had been arrested. He kept telling me that he didn't know anything about it, that he hadn't heard a thing. He told me that maybe I was mistaken, and that perhaps he was not the right judge to ask. Obviously he understood how things were right away, because every time we telephoned him after that he refused to talk to us.

Roberto then goes on to recount all his family's fruitless efforts to get word of Patrizio right up to the day of his official arraignment, which Roberto says he caught something about "on the morning TV news, I believe it was 3 days after they actually arrested him."

Patrizio explained to him later -- says Roberto -- "that they had released him after the first arrest..." Roberto also states that he knew from Caselli that Patrizio had picked a Genoa attorney by the name of Arnaldi as his counsel, but says that he told the lawyer nothing about the story behind the arrest, and claims he never told anyone else about that either.

This brings us to the account of Patrizio's first arrest, the one on 15 December, made by six or seven Carabinieri. According to Roberto, Patrizio tried to resist and reached for his pistol, but he was seized and taken into an apartment, where he was roughed up.

At around noon he said he was ready to talk, and that afternoon "he began to tell all, that is all the basic things about the Turin column, his role as column leader and his authority over the comrades he met."

[Question] And then they told him they were releasing him?

[Answer] Yes, they told him they were releasing him and that he was to go looking for as many people as he could, especially people who counted in the BR. Patrizio asked them, in case he should have to shoot somebody, what he should do so as not to get arrested. They answered: "Don't worry: we're doing things that are a lot more important than a few shootouts. We are not interested in that." What they did, for all intents and purposes, Roberto insists, "was give him a free hand."

They freed Patrizio Peci that same evening, but not without a warning that "he would be closely followed and maybe he wouldn't even know it, and if he tried to escape he would be killed." So that was when he began his life as a Red Brigade member again, until around 10 or 12 February when, according to Roberto, "a Carabiniere stopped him on the street. He said they had to arrest him, because they had got word in Rome that he had been picked up, and otherwise there would be trouble."

[Question] When they arrested him the second time, had they agreed on the date ahead of time?

[Answer] Yes. One evening, he told them, he would be meeting Micaletto, and so that would be the best time to arrest him.

Patrizio Peci was taken to the [Carabinieri] barracks on Via Valfre in Turin, where he stayed for a week, during which time he was "threatened" in various ways, but was not interrogated. Then he was taken to Cuneo prison and put in solitary confinement.

Roberto's story then jumps to Patrizio's trial in Turin on charges of possessing a pistol: this was in fact the first time Patrizio asked to talk to Dalla Chiesa. The general went to Cuneo alone, and told him that in order to get the guarantees Patrizio wanted he would now need "a political story." Dalla Chiesa was running things (this is Roberto talking), but he had to hear what they had to say in Rome, then make the politicians understand that he had talked with Dalla Chiesa. He told him he needed something juicy. He needed something he could manage at the political level, to show that he had talked so as to be able to ask things in Parliament.

[Question] So as to understand that he was talking right then?

[Answer] Now that I think about it, I think that he said Via Fracchia at that very time.

[Question] Why was it so important to mention Via Fracchia?

[Answer] I don't know. That was some sort of proof, evidence that the Carabinieri could use.

After stating that the Via Fracchia action "was not done immediately, but there were some people to be put in place first, Roberto Peci goes on to say that his brother was getting "paid" 200,000 lire a month from Gen Dalla Chiesa, who "said that there was no problem about money because they printed it themselves."

[Question] How did they get it to him?

[Answer] They bought postal money orders made out to him and had them mailed from Milan by somebody called Enrico Rossi.

Roberto Peci then states that the Carabinieri showed his brother a lot of pictures, some of them of people from Rome, and that they were particularly interested in information about the lawyers, whom "they really wanted, maybe because they were sure that somehow they were involved. And so they really pushed my brother, hard, to tell them stuff about Spazzali and Arnaldi."

[Question] What does your brother think of Dalla Chiesa?

[Answer] He thinks he's an important man in antiterrorism because he has studied all that strategy. Somebody who thinks things through.

[Question] What does Patrizio have to say about Via Fracchia?

[Answer] That they didn't warn him that they were going to do that thing, he was convinced that they would have been taken alive. When he found out about it they told him they had to do it that way. He didn't believe them. He thought they had killed them on purpose.

[Question] Was their story true, that they couldn't identify some of the comrades killed on Via Fracchia?

[Answer] No, it's not true! They said that so as not to let on that there was somebody who was talking.

Finally, Roberto Peci gives his version of the attempt to involve the Digos woman in his brother's doings, which would have happened very fast, as soon as they realized that he had talked.

[Question] What did they promise him?

[Answer] Five million lire right away, and they they would help him escape as soon as he had finished giving them information.

[Question] Why didn't Patrizio accept that dazzling offer on the spot?

[Answer] Because he thought they would shoot him once he got out.

Roberto Peci insisted, at the end, that Patrizio had identified photographs of BR people in Naples while, during the D'Urso case, Sica asked him to identify the [recorded] voice of somebody who had called the ministry.

The final entry in this alleged interrogation of Peci has to do with Judge Caselli who, according to Peci, "is "one of the top backers" of the "repentant terrorist" strategy.

Grilling an Engineer: Renzo Sandrucci

Rome AVANTI! in Italian 14 Jul 81 pp 12-13

[Text] Included among the documents the Red Brigades have turned over to this newspaper is the "trial" of Renzo Sandrucci. The first portion of the document is the opening part of the "hearing transcript" to which the BR had already referred in a 2 July communique, and of the second part of that document which was left to be found on Sunday 12 July. From a note written by the terrorists at the heading of the document, one can deduce that the trial of the Alfa Romeo executive is over.

The document begins with a chapter headed "Introduction to his role as an engineer." Sandrucci is accused, as director for work organization, of being "responsible for heightening exploitation in the plant and for pushing through the decision about wage supplements." As an engineer, he is charged with "designing the way for the owner to get back all the

profits that had accumulated, primarily by cutting down labor costs."

Sandrucci responds:

"I should like this one thing about me to be recognized here, a fact that may help in a way to clear me, though only very slightly, of these charges: I am an engineer, trained as a technician, concerned with standards that exist, a man whose job is to organize work, a man who also has to follow the rules."

"Quite apart from that, we live in the plant and we are aware that we have problems, for instance, in applying saturation because the problem has not been solved at the bargaining table or because the agreement has already expired." He emphasizes the difficulties of putting agreements on job organization into practice, specifically because very often the engineers' decisions turn out to be outdated and are challenged by the workers. The executive refers to the job organization conference held in September 1979, where the engineers raised the issue: "Agreements are no longer enough, in that they call for a productivity level that is difficult to achieve."

This is the root of the BR's charges of constantly "seeking productivity first and last so as to get the utmost profit.. The biggest obstacle you face is the workers in the shops, to whom maximum profits mean greater exploitation, and who therefore continually challenge your figures."

Still on the productivity issue, the BR accuse management of "setting up a scientific study" of job organization. "...We understand that the attempt to make the workers work in different ways helps you use them more, helps you have a working class available according to the demands of the market, and makes it more mobile and elastic in its response to your technical and production requirements."

Sandrucci replies that the company also responded to the "requirement for doing the job another way. We therefore introduced this change (at the urging of the union as well) with the idea of job enrichment, broadening the various tasks, etc. We had to begin from a Taylorist (highly compartmentalized) situation, and we set out on a road toward a new structure for the job.

"We found ourselves facing some problems, too: the people involved were not invariably ready for this, for two reasons: one was their refusal to increase productivity, and the other was long-standing habit."

The BR argue: "You were forced by the workers' struggle to make some changes in job organization, trying to make use of what the workers' demands had expressed.

"You distorted the workers' demands....; the workers want to work better, but not to be exploited more. They instantly recognize productivity as exploitation."

To this argument, Sandrucci replies:

"One of the chances the company has for getting out of the crisis is for the product to be competitive. In this sense, the agreement that changes working and productivity conditions is consistent with this assumption."

The questioning goes on with an exchange between the BR and Sandrucci over the experiments conducted in the plant, on public financing, on the quality and quantity of investments on plant improvements, on dangerous, health-threatening processes, and on the impact of these moves on employment levels.

The terrorists then move on to question their prisoner about the earnings supplement fund and about mobility outside the company. Specifically, the BR insisted on knowing how the agreement on the earnings supplement fund was reached and how the 500 workers to be cut back to zero hours were selected. In his response, the Alfa Romeo executive went into some of the background of the company's various requests, recalling that at a certain point "the first numbers -- 3,000-3,500 -- workers to be cut back to zero hours came up. There was a first meeting in Milan on this request, and there was a heated debate over it because the union perceived the management request as a FIAT-style solution." The personnel manager then proposed other solutions, until agreement was reached with the union as to the standards to be used for putting workers on earnings supplement.

BR question: In that agreement there were already 285 workers laid off on zero hours? Did the union agree to that?

Sandrucci's answer: "Yes. It was made clear that there were not 285, but 300, because the Spyder assembly line had not been properly explained. With this understanding, we began the process of singling out those who would be suspended. The process was handled by the personnel office with the operations people, area by area, in a capillary fashion. The implementation phase came up with 500 to be suspended at zero hours because earlier we had overlooked the assembly and interior areas."

"Then the union came up with objections. Why 285 before and now 500? Even in the remaining areas you could have put the 285 on rotational layoff."

To a BR question Sandrucci replied that there were indeed no technical reasons why earnings-supplement status could not have been assigned on a rotating basis, but there were questions of cost to the company.

The BR's reply to Sandrucci's explanation: "You're always giving us technical talk, and you take your savings out of the workers' hides. For the workers, CIG [earnings supplements] means something else, too: it means that the government is paying us with our own money. The fact is that this money turns out to be advances out of our future pensions, because the time you're on CIG doesn't count toward pension entitlement."

In response to subsequent questions from the terrorists, the executive stated that he did not know what criteria were used in the selection of workers to be placed on zero-hours status, inasmuch as that decision "is up to the personnel office."

"It is a matter of record," retorted the BR, "that there are a lot of old-timers among those 500 names, the ones you call absentees, but who turn out to be ill, and along with them are a lot of very militant workers.... It is impossible to deny that you chose a criterion somehow tied in with productivity, that you singled out the areas to be hardest hit (...), and then the personnel office did the rest (political selection) by picking out those workers who were troublemakers. You must admit that you do the figures, you work out the productivity rating codes, and thus pave the way for the personnel office to make the actual selection, and thereby you become an accomplice to these plans."

Sandrucci: You've got to understand that these are different functions, even though they may be complementary. The personnel office has to understand the numbers... The actual calculations take very little time.. That part is mathematical, and it is the basis on which you can make the decisions, which are then calibrated. The answers come out differently according to the particular type of requirement and the particular final goals.

BR.: "Now we are getting down to your role in this capitalist system. You pave the way for selection out, even though you pretend not to be aware of the consequences of what you do.

Sandrucci: The company lays down its economic objectives so that it can survive in this system. And so the management that runs everything has an objective to reach in order to stay within a specific budget.

BR: So you admit that you are not a neutral technician in the company. The calculations you prepare are designed to optimize the owners' profits.

At this point Sandrucci describes the procedures through which the company arrives at the formulation of its requirements and of the roles of the various executive offices.

BR: Let's begin with one hard fact: the working class is not in favor of CI [CIG] in every sense, but in any case you have to find a solution for the zero-hours CI.

Sandrucci: You have to approach the issue from the point of view of corporate costs, to see there are no technical considerations that get in its way.

BR. But those costs must not be dumped on the workers, and anyway the problem of the CI is still there: everything depends on the way the market behaves and on competition among sharks, and then you realize

that the fate of the workers, especially the ones on CI, depends on this clash between bosses and that hence there can be no certainty as to how long the CI will last, or how long the job itself will last, and hence as to the chances of getting laid off for good...

What happened at FIAT is a prime example: first they asked for CI and now they want to move to direct layoffs because the recession in the automobile industry is getting worse. Alfa [Romeo] is not exempt from this market. Massacesi has driven home the point over and over, as at Alfa Sud, after the workers' assemblies rejected the agreement: the only alternative to increasing productivity is mass layoffs. And then on top of the rise in productivity, they moved to CI. Not even the union knows what to do in this situation any more, because it had been betting on increased production with the 620 cars with manpower parity in September, talking about expansion and growth for Alfa. But management itself was the first to violate that agreement. What is going on right now proves that the capitalist marketplace has its own laws, that it is idle to think about regulating it, and that therefore it is risky to agree to heightened exploitation, to be available and ready to listen to the bosses' demands, which purposely serve to becloud the chances of getting through this recession. The upshot is more exploitation and, worst of all, a future that is anything but secure for the working class, because the layoffs are getting bigger. The only way the Massacesi "costs" problems can be dealt with is through the power relationships the class movement and the guerrilla forces are fielding now. This trial here is a first step toward building these power relationships, toward building a twofold power: we are building that second power, and standing up to the power of the bourgeoisie with the force and the power of the proletariat. The revolutionary mass organizations are the tools the revolutionary movement must provide for itself in order to build the proletarian government.

That concludes the first part of Renzo Sandrucci's "hearing." Attached to the "transcript" were copies of two letters -- already published -- written by the Alfa executive.

The first of these, dated 9 June 1981, is addressed to Alfa Romeo management, with copies to the Plant Council. It more or less sums up the contents of the "hearing" record given here, and concludes:

"At this point I believe that the problem (of the supplement fund) shifts from the technical level to the costs level, and to the more political one of industrial relations. And therefore I ask: is it possible that a resumption of labor negotiations might lead to a solution that, by moving toward a halt in zero-hours layoffs, might help find some answers to the questions that have been raised?

"The issues posed to me, however, have to do with decision-making powers so different and so much higher [than my own] that it seems clear ... that this trial is aimed not just at me, but also at the top levels of the Corporation, of Intersind (and that includes you) and even beyond... I understand that the silence may stem from a political decision as well, but I doubt that a more open debate could be anything but helpful in

moving the situation off dead center and toward a general lowering of tensions....".

In the second part of the "hearing transcript" (entitled "No stepup in exploitation must get through in any form," the BR go back to questioning the executive about the way jobs are set up in the plant, dwelling at length on the reorganization plan that came out of last spring's agreement with the union.

The "subtitle" reads: "The State Bourgeoisie Line on ways to get back to piling up profits, of which "technician" Renzo Sandrucci says his work is part and parcel."

The BR open with a reading of several statements from Alfa Romeo management and consultants at the job organization seminar held in 1979. Among such are statements from Massacesi, Innocenti, Sammarchi, and Montironi. The conclusion the BR draw from it is:

"Therefore it is necessary for you to push restructuring in the plant by tailoring plant technology to match the competition," but the "contents" of the workers' struggle "have pushed your backs to the wall, and have forced you to switch strategies; to do this you have surrounded yourselves with psychologists, sociologists, and all sorts of crocks who, working at your bidding, with their analyses of the working class, have suggested to you that the right tack to take is to seek "consensus" through some different pattern of exploitation."

Asked how the company had adapted to this new line, Sandrucci replies:

"Job organization had a little bit of experience to draw on, though not enough to be truly representative. I had my orders (as did other executives) to go out and look into area after area, one at a time, to see what could be done to get away from job fragmentation, even on an experimental basis... All these ideas were embodied in the Organizational Intervention Plan (PIO). The PIO is an overall summary of all proposals for changes in the organization of our production divisions. This whole body of suggestions was then sent on to the union."

To the next question (whether in order to meet foreign competition, especially from BMW, the company planned to boost plant worker productivity by 15 to 20 percent and that of contractor personnel by 8 or 9 percent) Sandrucci replied in the affirmative.

Next BR question: Out of this overall plan you extrapolated 35 sample projects which involved the entire plant, and offered them to the union.

Sandrucci: Yes. There were meetings with Intersind and we agreed with the union that the discussions should take place in the plant ... with the shop delegates, department by department.

BR retort: Of these 35 plans they looked over, the workers turned down the majority because the increased exploitation they would mean was apparent even then. Among other things, there was a take-it-or-nothing

rider: "Either you take all 35 of these plans or none of them!"

When the "prisoner" responded that "That rider was tacked on by Inter-sind," the terrorists asked what the union's position was. Sandrucci replied that in the final analysis there was substantial agreement on the corporate strategy, and added: "In the plant we found a situation of less support. Now the Alfa-Union issue boiled down to this: are these jobs real ones or not? If they are real, we must understand why these jobs are being taken away in the plant."

Here the BR deliver their analysis:

Because your offensive to get us to agree to exploitation and to get back those profit margins will have to reckon with the working-class struggle for a slower pace, for lighter work loads, and for egalitarianism. ... And even if the union gives you the green light, it will have to reckon with the working class. In fact, all you have to do is look at the mess at Alfa these days, where, in the face of the Massaccesi attack, they don't know which way to turn."... "Then, on the matter of the allegedly different line on the part of the State Participation Ministry over the question of layoffs and productivity, we would remind you that in that period Sette (IRI) was saying that the state participation companies were not firing workers: all they had to do was agree to mobility and increased productivity."....

"Today the union, as it awakens to the reality of the crisis (with an integration fund at [Alfa] Sud now), is in a crisis itself because all its backing down has led nowhere, except perhaps to the prospect of pulling the working class farther and farther down."

From here the terrorists move on to a new chapter, this one headed: "Mobility, steady pace: tools for heightening exploitation," and ask:

"At Alfa they were working on the union-company platform, and Massaccesi responded at the bargaining table with the same old PIO stuff, in different but very specific terms: boost the present pace to 620 cars per day with the same number of workers making up the production teams -- implement in-plant mobility processes -- restore balance between direct and contract workers. Let's begin with the steady pace. By now this is obviously designed to increase the work loads (...) yet just lately you have started using variable pace in some divisions. What was the objective?

Sandrucci: The objective was to be able to pace production to match the number of workers there at the time.

Moving on to deal with the issue of in-plant mobility, the BR state that "The foremen move the men around as they please, partly because there is a division agreement with the union on this score." Sandrucci agrees: "These are standard procedures, management agreements; every division has its own, and they are all different."

Again, a BR question: "In your view, what does worker mobility mean to the working class and to the company?"

Sandrucci: For the workers, it's heavy, sometimes bad, and in other cases good. Of course it all depends on what sort of mobility you mean. For the company, mobility is often a necessity if it is to achieve positive results.

After taxing the executive with not living the same life as the workers, the BR argue that mobility "falls back on the workers' shoulders and gives rise to divisiveness and selfishness among the workers. Furthermore, management uses mobility...to transfer people wherever it pleases if they make trouble during periods of unrest."

Sandrucci's retort to that is: "Well, then, we'll simply have to find new criteria for mobility," and adds a few remarks about "professionalism."

[BR Question] When the workers organize your plans don't get accepted; this in fact is why you stipulate in the contract that mobility must become a standard practice; but what stand did the union take on that issue?

Answer: The union was for it because it saw mobility as a necessary thing in view of the fixed pace.

The BR voices doubts that the target of 620 cars per day can be achieved. Sandrucci answers:

"Everything depends on the market, but in any case the fixed pace is one thing and production is another. You can make the 620-car target for a week and then be shut down the following week. The fixed pace is merely a way to operate above and beyond the volume of production."

On the issue of productivity again.

BR: By increasing the work load on the individual you can meet the competition;" "for the same production you were getting before (550 cars per day) your calculations say there is a surplus of about 800 workers. What's going to happen to those workers?

Sandrucci: There is no notion of running the production groups at a fixed pace of 550; there is one to hold employment at the same level (620 per day). Obviously, if the 70 extra cars didn't sell, production would be cut back, either by CIG layoffs, or by attrition, or by cutting work-hours to the contract limit, or by procuring more assemblies and subassemblies from outside the plant.

Sandrucci then confirms that the company's aim with the production groups is to "get rid of down-time" and cover for "missing saturation."

In follow-up questioning -- still dealing with the production groups -- The BR challenges the claim that they upgrade job skills, arguing on the contrary that their sole purpose is more profitable exploitation of the workers.

Citing a string of examples, the BR strive to prove that "fleshing out [assembly-line] tasks is nothing more or less than a cover-up for what is really happening; (...) This proves once again that the plans management has in mind are anti-worker plans."

Another issue covered in the "hearing" was the matter of worker training, on which the BR ask Sandrucci whether or not, in the last analysis, it is the "bosses" who decide who will be upgraded after completion of the training course, and Sandrucci answers, "I believe so."

Following a detailed listing of all the issues dealt with in connection with job organization, investments, and automation, the terrorists come to the following conclusion:

"You have been forced to make improvements in the most dangerous plants by worker protests, but at the same time you are cutting jobs. (...) By shutting down plants you have eliminated the workers and with them the occasion for conflict."

Dwelling a while on the issue of unhealthy workplaces, the BR charge that "for years and years the workers in the drop-forge plant have been calling for major improvements to counteract the health threats in the division," [yet] "you say that some technological investments can change working conditions..."

Sandrucci: The assembly line is a reality, and it will be no easy matter to scrap it. The main difficulties lie in the additional spaces that will be required and in the distribution of more complicated equipment. However, it is a road that should not be left untried.

Later on, the BR take up another issue: "The introduction of data processing, too, leads to a decline in employment in the white-collar area

Sandrucci: Moving to computers means that, in one sense, you get more efficiency, greater speed, and more accuracy. Besides, most companies now have turned to massive use of data processing, and therefore we have to adapt to it.

[BR] The bosses are spending billions (extorted from the working class) on restructuring plants...on keeping minute tabs on what goes on in the shops and on worker behavior. Furthermore, the use of computers leads to unemployment even where they are made: you need only look at the jobless rate in electronics.

As for white-collar jobs, the BR claim that at Alfa Romeo "turnover has been frozen for years," and "there is talk of some 800 redundant employees... Is that true?"

[Sandrucci] It doesn't look that way to me.

Finally, the BR state: Solving the problem of working conditions and of unhealthy work environments means /putting the working class at the center of every step that is taken/, because the real instrument for changing working conditions and measuring the harmfulness of the plant is the worker himself. (...)

"It is the way you set up the job that makes the plant unhealthy. The advances in science and technology offer tremendous possibilities for solving the workers' problems, but you certainly are not using them to that end. The working class has proposals of its own, and they are /to let everybody work, and work less/ and for different purposes, work to make a product that helps meet the needs of the people, not to fatten your profits!"

Sandrucci replies to this argument:

"Here we get back to the general topic of the economy, where my background is not very substantial." On the matter of the crisis besetting the capitalist world, the executive says: "So I really cannot say whether it is the fault of a lack of economic planning, or whether other systems, such as the socialist system, can provide a satisfactory solution."

At the conclusion of the lengthy "hearing transcript" the terrorist organization argues that "the general problem of working conditions can be solved only under socialism," meaning "by total organization of all production along different lines, chosen and managed by the working class and trained on their 'prisoner'."

"You do understand, of course, /that there is no future for people in your trade/."

Attached as an annex to the "transcript" is a copy of Sandrucci's letter -- dated 15 June 1981 -- and addressed like the first one to the Alfa Romeo management and to the Plant Council, headed: "Some thoughts on job structuring and productivity," After lengthy re-examination of the issues already dealt with in the "hearing," and posing a series of questions he has been thinking about, the Alfa Romeo executive ends his letter thus:

"I sincerely hope that the press will provide space and coverage for this debate on these grave issues, as it has done these past few days for my personal messages."

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CSO: 3104/332

BONN TO CONTINUE STEEL INDUSTRY SUBSIDY

Duesseldorf WIRTSCHAFTSWOCHE in German 26 Jun 81 pp 36-41

[Article: "If Necessary, Cut Back"]

[Text] The European steel community is not making any progress. The crisis has not abated; the subsidies have not been terminated. The relations among the enterprises are characterized by increasing incivility. There is no doubt that in the FRG, too, the politicians' time will come.

For nearly 9 months, the European steel industry has been focusing its attention on a crucial date: 30 June 1981. According to the original plans, this Tuesday was to mark the end of the production quota system imposed by the EC Commission on 350 enterprises in accordance with Article 58 of the European Coal and Steel Community Agreement.

Now this date is no more than a few days off, but hardly anything is going to change. For another year, the European agencies will remain in control over the most important sector of EC steel production--hot-rolled strip steel (hot-rolled wide strips, intermediate product for sheet metal). Thus 43 percent of the European steel production will remain subject to crisis-related control by Brussels' EC officials.

For the rest of the product assortment--ranging from railroad rails to wire--the steel bosses--putting forth painstaking efforts behind the scenes--worked out voluntary marketing arrangements. However, the EC supervisors will stay in control even in regard to these remaining items: these officials were installed in the fall of 1980 in order to insure observance by the enterprises of the production limits imposed by the crisis regulation.

A few weeks ago, no one would have predicted the present stalemate. In March and April, hardly a day went by without a German steel manager turning to the public with optimistic announcements concerning the imminent voluntary production curtailment (Eurofer II).

However, the dozen enterprises did not manage to get together. And there are no indications justifying the hope that in the foreseeable future the steel bosses will voluntarily curtail their production volumes. The talks that have been continuing since the end of February have shown all too clearly that in the steel

industry no one is prepared to practice self-denial and make sizable cuts in production volume. The Kloeckner Works AG are the best example. In the Eurofer negotiations, Kloeckner's board chairman, Herbert Gienow, demanded approximately 100,000 tons of hot-rolled steel strips per month in excess of what the competitors were willing to grant him. Essentially, the heated dispute over the "hot strips"--as this rolled steel product is called at the Federal Ministry for Economics--originates from an old conflict over capacities that frequently assumes grotesque forms.

According to EC Commissioner Etienne Davignon, the capacity of the big hot-rolling steel strip line in Bremen--which Kloeckner put in operation in 1974--totals 360,000 tons per month. But Kloeckner has for a long time been claiming that the installation can handle 460,000 tons. And Kawasaki technicians the EC authorities had called in from Japan declared--upon conducting a 3-day test--the installation made by Nippon Steel to have a capacity of as much as 485,000 tons per month.

However, from the Eurofer negotiations Gienow brought home only 170,000 tons--less than he had been allowed under Article 58. "This is carrying justice too far," comments Gienow on the quota he does not accept. But other steel managers are equally outspoken. Hoesch boss Detlev Karsten Rohwedder stated that he was not going to accept these requirements. Said the Dortmund steelmaker: "In contrast to Kloeckner, I do not have balanced results."

This statement still has a much too positive ring. For of all steel bosses, Rohwedder appears to have the greatest worries; and it is not the operational results that are the primary concern; rather, it is the cumulation of problems concerning location, labor, and concern structure.

Similarly, Salzgitter's board chairman, Ernst Pieper, instructed his Eurofer negotiator, Peter Adams, "to negotiate with the necessary intransigence." The reason is obvious. Said Pieper: "The quotas decide whether or not an enterprise will be viable in the coming years." With regard to structural steel (e.g. T-girders), Adams' counterargument resembled that used by Gienow in regard to hot-rolled steel strips: "We cannot tolerate other, obsolete steel strip lines dating from the past century being utilized to the disadvantage and at the expense of Salzgitter and its advanced universal steel girder line."

Since the end of 1980, almost all steel mills in the FRG have been incurring enormous losses--despite the fact that in previous years they zealously participated in the "Away From Large-Quantity Steel" movement.

The leading German producer, Thyssen AG, increasingly focused its efforts on the production of superior alloy steels. In 1974, the firm scored a great diversification coup: it acquired the then Rheinstahl AG, whose product assortment ranged from locomotives to mining technology. Thyssen's international statement of accounts for the 1979/80 fiscal year shows that of just under 152,000 employees only about one-third is engaged in the production of large-quantity steel; over 66,000 workers are employed in the capital goods and processing sectors, while superior alloy steel and trade/services each account for over 16,000 workers.

Through an industrial partnership (Budd), the Thyssen concern engaged in large-scale business activities in the United States. These efforts were not very

successful, however. Nevertheless, treasurer Klaus Kuhn easily buried the meager Budd results in the international statement of accounts. Due to considerable efficiency measures, a substantial share (DM 134 million) of the overall international profit (before taxes) realized in the past fiscal year (DM 490 million) was derived from the presently not very lucrative large-quantity steel operations.

Krupp has pinned its hopes above all on the lucrative superior alloy steel; the firm has expanded the turnover share of this product from 25 percent in 1975 to presently 50 percent. The Kloeckner Works were much slower in recognizing the new trend. It was only at the end of the 1970's that Gienow began to acquire machine building shares.

Among the FRG steel producers of note, the only one to voice fewer complaints about slack business is Willy Korf, whose crude steel output totals approximately 3 million tons. In 1980, his mini-steel mills in Germany and other countries showed respectable results. In addition, he does good business in building direct-reduction installations: such plants can dispense with blast furnaces.

For the big producers, on the other hand, things look bad. While Thyssen, the last steelmaker to pay dividends, will only say that the "slump is typical of the steel sector," the state-owned Salzgitter Concern is faced in the current fiscal year with losses amounting to DM 200 million. And Hoesch boss Rohwedder just now had to take the responsibility for two-thirds of Estel's gigantic 1980 losses (488 million guilders), without being able to say that things would improve in 1981. In the first 3 months, the German-Dutch concern was again DM 100 million in the red.

The neighbor in Bochum, Krupp-Stahl AG, is in the same position. The 4th quarter of 1980 was so bad (losses of DM 90 million) that it undid the positive result obtaining at the end of September (plus DM 45 million). The first months of 1981 did not look much better.

Wilhelm Scheider--formerly board chairman of Krupp-Stahl and presently chairman of Fried-Krupp-GmbH [GmbH: Company with limited liability] (the GmbH is the parent company of Krupp-Stahl AG)--recently had to draw on the fine points of the German language to end the dispute with the Persian member of his supervisory board in regard to imminent layoffs: "We have never spoken of a shutdown ["Stilllegung"]; we merely considered inactivation ["Stillsetzung"]." Just the same, he continued: "The present situation does not prevent the executive board of Krupp-Stahl AG from undertaking layoffs." Scheider's formula--characterized by an all-European slant--for solving the steel crisis: "Exclusively consistent application of econopolitical measures."

Bad news is reported from the other European countries as well. In April of this year, Belgium's Hainaut-Sambre Steel Works were saved from bankruptcy only through the massive support granted by the Brussels Government. And for 1981, the presidents of Cockerill and Hainaut-Sambre, Julien Charlier and Albert Frère, have predicted new troubles. In a confidential letter to Economics Minister Willy Claes, they forecast for this year losses of up to 10 billion Belgian francs (DM 600 million).

To be sure, in the Eurofer negotiations, Frère and Charlier did not drive as hard a bargain as the Germans. If necessary, their losses are taken over by the state.

However, in the crisis atmosphere of the past few years, the friendly relations among the German steel bosses, who since time immemorial had been associated in steel cartels, have clearly been impaired.

All in all, the EC's excess capacity in the steel sector amounts to 40 million tons per year. This is the equivalent of the FRG's annual output. Under the heading: "Steel Market in Trouble," the Rheinisch Westfaelisches Institut fuer Wirtschaftsforschung (RWI) [Rhenish-Westphalian Institute for Economic Research] states: "At the beginning of the year, the situation in the international steel markets is characterized by a pronounced slump in demand, which intensifies the supply pressure present in numerous countries."

And presently there are no signs of imminent change. The OECD predicts that in 1981—following the 4-percent decline from 1979 to 1980—world output of crude steel will decline by 0.3 percent to 715.5 million tons. As regards the steel situation in the EC, the OECD takes an even dimmer view. According to the organization's estimates, the EC's output of crude steel will decline by 10 percent to 116 million tons. The crude steel output of the German steelmakers is likewise on the decline: from a high point of 53 million tons in the boom year of 1974, production dropped to 44 million tons in 1980; in 1981, output is expected to drop to 40 million tons.

To be sure, world steel consumption is still on the increase; but in the industrialized countries in particular, demand is stagnating. As to the reasons underlying this development, the RWI researchers point out that due to the high level of industrialization the demand for steel-intensive buildings and installations has been slowing down, while technical advances have reduced the amount of steel required per steel product. Consequently, the Essen researchers advocate trimming down the European production capacities, which—at an overall volume of 200 million tons—are decidedly too large.

According to a conservative RWI estimate, the capacity reduction should be as high as 20 million tons per year, but the RWI points out that "By 1983 the enterprises plan to curtail their output by no more than 3 million tons." Perhaps they are relying on the enfant terrible of the branch, the Baden-Baden steelmaker Korf, who predicts--the only steel producer to do so--a steel shortage in the coming years (see interview).

It is doubtful, however, whether European steel mills would benefit from a new steel boom. For by now the so-called threshold countries have firmly established themselves as steel producers. Although their output still is relatively low, their growth rates speak for themselves. Brazil, for example, last year increased its production by 10 percent. Venezuela even posted a 35-percent increase.

In the next few years, the installations of the Mexican Altos Hornos de Mexico Fundidora Monterrey and Sicitarsa are to be expanded and modernized by means of investments totaling over \$2.73 billion. According to the state-owned Sidermex Holding Concern, another \$6.55 billion will be invested in a new steel mill near Altamira, whose annual output is to exceed 6.6 million tons. Construction will begin in 1982.

South Korea, too, is attracting attention as a steelmaker. Already, the country is competing with Japan in Southeast Asia. With an overall capacity of 11.5 million tons, South Korea must still be considered a steel dwarf; however, production is likely to more than double within this decade. In regard to exports, a manager of the Pohang Iron and Steel Co., expressed himself in guarded, but unequivocal terms: "We are holding back. I feel that if we were really aggressive in the export sector, no steelmaker anywhere in the world would be able to compete with us in regard to prices."

In view of these market conditions, there is no doubt that the German steel sector soon will be looking to the politicians. Through their own efforts, the steel bosses will hardly be able to extricate themselves from the predicament: far too much have they been obstructing each other, poisoning the atmosphere.

Gienow gave the branch twofold cause for irritation. Firstly, along with the Italian Italsider, he made the first Eurofer system collapse. Secondly, there is good reason to assume that the unauthorized overproduction saved Gienow from great troubles. And since he uncompromisingly keeps pursuing his outsider's strategy, the steel producers, above all Thyssen boss Dieter Spethmann, are so angry at him that they are considering excluding Kloeckner from membership in the branch association, the Industrial Association of Iron and Steel Producers. A helpless rage, for the Kloeckner Works have suspended their membership since the summer of 1980, thus realizing membership fee savings of DM 4.5 million per year.

In one area, however, the German steel bosses are always in agreement; they are united whenever the objective is to obtain financial support. Since his predecessors failed--in 10 years of mismanagement--to forge three Dortmund plants into an efficient unit, Hoesch boss Rohwedder has been compelled to submit outrageously high demands to Bonn and Duesseldorf, in order to get his enterprise going again. Rohwedder figures he needs DM 2.4 billion to transform an inefficient plant into the "steel mill 1990"--the dream of Dortmund. Until then, however, at least 8,000 Hoesch workers will have to be fired. This means that Rohwedder will have to pay a minimum of DM 300 million in social contributions.

Mindful of the social-democratic electorate in the Ruhr region, the Federal Government and North Rhine-Westphalia will follow the pattern established for the Saar steel mills and offer credit guarantees good for billions so that Rohwedder will get from the banks the money he himself cannot earn.

Pithy statements are voiced in Bochum. In raising his demands for subsidies, the usually calm Krupp-Stahl boss Alfons Goedde becomes insistent. Since in foreign countries billions are invested in limping steel mills, "We can justly ask for the same treatment," Goedde states categorically.

And no one expects the state subsidies paid abroad to the lame ducks of the steel industry to be discontinued. Only Ian MacGregor, the head of British Steel, claims that beginning in 1982 he will again show a profit--after suffering losses of no less than £ 660 million (approximately DM 3.1 billion) in the past fiscal year and with an expected deficit of £ 320 million in 1981/82. Besides, British steel just received from the Exchequer £ 1.6 billion for the 1980/81 and 1981/82 fiscal years. And the British government is still cross with the EC Commission, since Brussels threatened to withhold £ 530 million of the subsidy, unless it was used for capacity cutbacks.

The Italian taxpayer, too, will have to keep answering for his country's steel industry. This year, the state-owned Italsider alone--which accounts for approximately 50 percent of Italy's steel output--will suffer losses in the amount of DM 2 billion. Moreover, a stabilization program will provide the state-owned steel mills with subsidies in the amount of DM 1.14 billion. The entire Italian steel industry, including the of late complaining Bresciani--the mini-steel mills in the Alps--receives a state subsidy of DM 340 for each ton of capacity curtailment.

In France, the situation has become even more complex on account of the election of the socialist Mitterand to the office of state president. At all events, it is assumed that the new government will be inclined toward resuming the subsidies for the French steel industry. Should the German Federal Government be prepared--in view of this situation abroad--to come around and--the empty coffers notwithstanding--grant financial support to the steel mills, one thing will not materialize: calm on the steel front. The demand for equal treatment will be raised again, because there are bound to be German steel managers who consider themselves at a disadvantage vis-a-vis their foreign competitors.

There is a chance that subsidies will be made available to the Germans as well. After all, there are precedents, even in the recent past: for the Max-Huette [Max Steel Works] in Bavaria's Oberpfalz [Upper Palatinate], Kloeckner received DM 70 million from the Federal Ministry for Research and Technology and from the Regional Development Fund of the State of Bavaria. Likewise, for its new metallurgical plant in the Georgsmarienhuetten [Georgsmarien Steel Works], Kloeckner was granted a subsidy of DM 50 million.

Last month, the Federal Government raised by DM 210 million the guarantees for the Saar steel mills and recommended a subsidy of DM 170 million. Right away, Krupp-Stahl's head of operations, Otmar Guenther, opened up: "The Ruhr region is no less Germany than the Saar region or the Max-Huette." To encourage the politicians to come across with money, Krupp-Stahl boss Goedde combined his reorganization program--which originally was to result in the elimination of 5,000 jobs and which was jettisoned only on account of Iran's interest in Krupp--with the demand for state support: "If we are put on a par in regard to subsidies, the reorganization program will be shelved." In view of the states' empty coffers, however, such equal treatment must be considered a pious wish. It would cost the German Government DM 4 billion a year (see graph [not reproduced]).

It remains to be seen whether money alone can make the German steel industry happy. For so far the concerns have produced only modest results in their efforts to drop the sickly large-quantity steel sector. The attempts to gain a foothold in superior alloy steel production and in the processing and machine building sectors have not been successful everywhere. The DM 14 million of profit derived by the Thyssen Concern in the past fiscal year from its machine building subsidiary Thyssen Industrie (formerly Rheinstahl) show that the steel bosses have difficulty in finding alternatives to steel in diversification areas.

The position of the Hoesch Concern is even worse. In 1980, the Orenstein & Koppel AG, which with its excavators and building equipment had for years been yielding large profits for Hoesch (half-interest), suffered losses in the amount of DM 50 million. But Rohwedder wants to involve Hoesch still more closely and continue to invest in the machine building industry. According to Rohwedder, the excavator- and escalator-producing firm is to become more than a mere financial partnership; it is to be a "potential nucleus for an intensified commitment in the machine building industry."

INDUSTRIALIST VIEWS STEEL INDUSTRY, SUBSIDY

Duesseldorf WIRTSCHAFTSWOCHE in German 26 Jun 81 pp 42-43

[Interview with steel producer Willy Korf by Karl-Heinz Bueschemann, staff member of WIRTSCHAFTSWOCHE; date and place not specified: "Stop the Subsidies"]

[Text] [Question] Mr Korf, do you still feel good about being a steel producer?

[Answer] In Europe, you can no longer feel good about that. Especially when you have been running your enterprise in an optimal fashion for many years, when you have been reducing costs through technical progress and then have to face a situation where the market is completely destroyed by a number of steelmakers; mind you, not only through obsolete excess capacities, but because 70 percent of the European steel industry are either state-owned or subsidized by the state.

[Question] Are you suffering losses?

[Answer] In overall terms, the Korf-Stahl AG in 1980 realized a profit, even though steel production is now a losing business. But our steel losses are relative, that is to say they are lower per ton of output as compared to the other steelmakers.

[Question] Is the situation going to change in the foreseeable future? Do you still uphold the thesis that in 1983 there will be a great steel shortage?

[Answer] Now as before, I think that in the next few years--possibly as early as 1983--there will be great changes in the steel market, resulting from the colossal economic upswing expected in the United States. This will affect the entire Western World. Furthermore, according to the most conservative prognoses concerning the growth of the steel sector, e.g. the forecasts by the OECD and other institutions, world steel consumption during the 1980's will be increasing by 2.5 percent annually. This means that by 1990 global steel consumption will total 1 billion tons. Last year, consumption totaled approximately 720 million tons.

[Question] And the German and European steelmakers will get a piece of this?

[Answer] Insofar as they have modernized, the German and the European steel producers will benefit from this.

[Question] According to your estimate, Germany's steel capacity totals 50 million tons per year. Do we really need that much?

[Answer] I feel we should maintain these 50 million tons. After all, our own steel requirements are enormous. Moreover: In all of Europe, can anyone produce steel at lower cost? The sad thing is that in the other countries obsolete capacities are artificially kept alive, while in our country the steelmakers with their modern installations are fighting for survival.

[Question] But the Federal Republic, too, has desolate steel mills. Is not mismanagement one of the factors involved?

[Answer] Undoubtedly, a key factor is the inertia of the traditional steel industry, which has been too slow in making the necessary changes in regard to technology and location. The conventional steelmakers have been resisting technical progress for a long time. At first, none of them wanted to adopt the continuous-casting process or the direct-reduction process....

[Question] ...the process you use....

[Answer] ...something that has been passed over in silence. Also, we should have begun much sooner to consider producing steel for foreign markets in the country in question--e.g. in the United States--or transferring the production of semifinished goods to countries with inexpensive raw materials and/or energy. For this is now going to happen. But the course must be set while there still is time.

[Question] And is this happening--is the course being set?

[Answer] Here in Germany, such plans are nowhere in evidence. But probably this applies also to other European steel mills and the reason is obvious: no one has the funds needed for pursuing steel mill projects abroad.

[Question] Could the German steel industry really be helped by subsidies?

[Answer] Naturally, any amount of financial aid from the state would make the industry more competitive vis-a-vis the European competitors and thus improve the miserable profit situation. But I think it would be wrong to introduce here the subsidy mentality seen in the other countries. We are pressing for reduction of subsidies in the European Community.

[Question] You once said that reduction of subsidies in the EC can be attained only through political pressure. What kind of pressure do you have in mind?

[Answer] If I were the German Government, I would simply stop the payments to the EC treasury. As you know, we are its most important contributor. Arrangements among the EC countries to the effect that the subsidies will not be discontinued until 1985 are of no use to the German steel industry.

[Question] Still: Isn't it true that the subsidies in the neighboring countries are not likely to be discontinued before the end of this decade?

[Answer] If this is true, the private German steel industry will soon be extinct and many modern installations will have to be shut down, unless our government takes effective action against the subsidies.

[Question] Perhaps by means of compensatory tariffs?

[Answer] In my opinion, compensatory tariffs are foolish, for they are bound to provoke measures against the import of German industrial products to other EC countries, and this would be an additional burden for us.

[Question] What do you think of the solution advanced by Kloeckner, namely to coordinate the prices via joint sales agencies?

[Answer] In terms of free enterprise, this is regression; it eliminates the sales initiative and the marketing of the individual firms. Surely, it cannot be the aim of any enterprise to forgo the marketing of its products.

[Question] But if the Federal Government is to support the steel industry, why does the branch keep quarreling within its own ranks rather than confront the government in a united front?

[Answer] In the recent past, the main problem appears to have been the extremely complex Kloeckner case. And all the blame for the disaster was laid on this enterprise. This is not fair. Within the Eurofer system, there have been difficulties with other enterprises--e.g. Arbed and Cockerill--in regard to the establishment of quotas. Besides, the enterprises are very different. There is Thyssen--the biggest firm, which tends to engage in power politics. Then there is Salzgitter--a state-owned enterprise, which, as everyone knows, is safe from any kind of mishap. As far as Bonn is concerned: Obviously, the Ministry for Economics was surprised, when it was informed in January of the grave situation in the steel industry. As late as the fall of last year, the spokesmen of the Industrial Association of Iron and Steel Producers stated that there was no need for state support.

[Question] Mr Korf, do you think it is good policy to keep German steel mills alive through state subsidies?

[Answer] The question is in what form. Support should not be granted for bad technical solutions such as are proposed in some places. For then we would make the same mistake that we criticize in other EC countries. But don't forget that most of the German steel mills are modern and able--under normal conditions--to meet any competition in Europe. This includes most of the modern electric steel mills, all of which use the continuous-casting process; as single-purpose plants, they are especially efficient.

[Question] What will the steel mill of the future look like? Will it be big or small?

[Answer] I would say that in comparison with the traditional mammoth mills the trend is going toward smaller units--on account of the new technologies in the direct-reduction process and in electrometallurgy. The steel mill of the future will have a capacity of between 0.5 and 1.5 million tons per year.

MACHINE INDUSTRY INCREASES FOREIGN MARKET

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 8-9

[Article: "Warm Rain From Abroad"]

[Text] The branch is pessimistic. The German machine building industry takes a dim view of both present business conditions and business outlook. According to the latest business outlook poll conducted by Ifo [Institute for Economic Research], 30 percent of the machine builders regarded the present demand situation as "bad"; and 40 percent of the respondents stated they expected a business downturn in the coming months. No more than every 10th firm showed optimism in regard to the future. Only the export expectations voiced in the Ifo poll were in balance: optimists and pessimists each accounted for 20 percent. The remaining respondents expected no changes in the export trade.

However: The situation is better than the mood. No other branch of German industry shows such a big gap between official data and managerial assessment as does the machine building industry. The Ifo poll results are contradicted by the order production data obtained by the Federal Office for Statistics and evaluated by the Federal Bank:

--In the first 4 months of 1981, all previous production records were broken. During the period from November to April, the production level rose by over 10 percent.

--While the price increases remained moderate, the value of orders received within the last 6 months increased by one-third.

In view of this unexpected development, it is safe to assume that the prognosis made in the spring by the Association of German Machine and Installation Building Enterprises (VDMA)--to the effect that in 1981 production would decline by 4 percent--has now been invalidated by the flood of new orders. Above all, it was foreign demand that accounted for the high volume of orders received during the past few months.

By April, domestic sales had recovered from the slump, even though they did not rise as rapidly as the volume of foreign orders. As against April 1980, domestic orders in the machine building industry increased by an inflation-adjusted 15.6 percent. The (inflation-adjusted) increase in foreign orders was twice as great: 29.9 percent.

In interpreting the official production and order data, one must take into consideration two factors:

Firstly: In the opinion of many experts, this year's rearrangement of production statistics has resulted in an overly positive assessment of the production level.

Secondly: A number of large orders placed in April--apparently as a result of the devaluation of the Deutschmark--have made the demand situation of the FRG's largest branch of industry (annual turnover: DM 122 billion) look somewhat too favorable.

The warm rain from abroad has been hitting the branch unevenly. At present, construction machinery is in highest demand. In April, the volume of new orders increased by 218.5 percent, as compared to April 1980.

Orders of agricultural machinery and of machines for the food industry likewise have been showing a strong upward trend. On the other hand, foreign orders of machine tools, textile- and sewing-machines remain at a relatively low level. Metalworking machines are in least demand. In April, the volume of new orders received fell short by 11 percent of the level of the preceding year. This highly differentiated trend has been continuing for some time.

VDMA President Tyll Necker is confident that in 1981 the leading German export branch (foreign turnover in 1980: DM 63 billion) will be able to maintain the export surplus of DM 41 billion realized in the preceding year. As regards the domestic market, however, the association does not think there will be a great turnabout; it feels investments are lacking in what is frequently referred to as "robustness." However, the statistics concerning the age structure of the machine tools in use in German industry show that the need for investments is growing in the domestic market as well: 85 percent of the active machine units are older than 15 years.

Stock exchange observers take a positive view of the immediate prospects of the German machine building industry: the Commerzbank index shows that since the beginning of the year the machine industry shares have risen twice as high as the stock average.

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OVERVIEW OF TRANSPORTATION INDUSTRY

Subsidized Railroad Consolidates Position

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 53-55

[First article of a special WIRTSCHAFTSWOCHE section on transportation]

[Text] The FRG's transportation industry is marked by cost pressure, concentration and competition distorted by subsidies. Faced with these unfavorable conditions, the parties involved are pinning their hopes on cooperation. Supported by Bonn, the Federal Railway is consolidating its position.

The federal minister for transport, Volker Hauff, has no doubts: the FRG has at its disposal a "well-developed and extensive" network of transport routes that could be adapted--by means of a few modernization measures--to the requirements of the 1980's.

This statement by a politician reflects only one side of the medal. Money is at least equally important. And at present, money is scarce in Bonn. But this is no reason for Hauff to give up his objectives in the field of transportation policy, for they can be attained through "better utilization of what is available."

From the point of view of the government, this includes above all an "improved linkage" of the various transportation systems, which is to embrace "all carriers." The Federal Railway--which likewise is within Hauff's sphere of responsibility--is to "continue to play a key role," not least because it performs public functions imposed by law. In consequence of this, the deficit of the Federal Railway will be increasing this year--two price hikes notwithstanding--by 1 billion to DM 4.8 billion.

Aside from the railroad clients, the motor transport sector likewise is expected to give its mite. In the future, the president of the Federal Railway, Wolfgang Vaerst, wants to present a "more dynamic" image to Germany's forwarding agencies, in order to pull them out of what he feels is an excessive reliance on trucks. Through new financial incentives and overtures of peace, Vaerst hopes to obtain another 10 million tons of freight from the forwarding trade, which often calls itself "neutral in regard to means of transport": "If the forwarding trade makes greater use of us, we have no reason to advertise our services."

But precisely this is what the forwarding trade is increasingly critical of, for backed by the taxpayer and the capital market the railroad does not dodge any price war. Nevertheless, the vice president of the Federal Association of the Forwarding and Storage Trade (BSL), the Berlin forwarder Deodat von Eichstedt, proposed to Vaerst's superior, Hauff, to meet for "talks" on this subject, for in areas where the railroad is able to make price and service offers in line with real market conditions, the BSL is quite willing to cooperate.

Thus the Kombiverkehr Deutsche Gesellschaft fuer kombinierten Gueterverkehr mbH & Co. [German Company for Combination Freight Transport With Limited Liability] originated from an initiative of the transportation industry. Under this system, Kombiverkehr buys from the railroad transport service in the form of complete trains and then sells these trains on its own account to the carriers. In 1978, no more than 178,500 shipments with a net weight of 2.5 million tons were shifted from road to rail transport by moving the truck freight containers to railroad cars; by 1979, the number of such shipments had increased to 239,000 with a total weight of 3.1 million tons, and by 1980, to 292,500 with a total weight of 4.6 million tons. The DM 1 billion Bonn wants to spend by 1985 on this part of piggyback transportation are a good investment; according to the plans, by 1985 18.5 million tons of freight will be taken off the highways within the piggyback network--i.e. the equivalent of 1.1 million truck trips.

Before the end of this year, another step in this direction will be taken, when the railroad puts in operation 200 new Talbot flatcars that can move entire trailer trucks--including both chassis and load. Then the piggyback transportation system can be used also by the smallest trucking firms, which so far have not been able to participate in combination transportation, since at the point of destination there had been no one to transfer the freight containers back to the trucks and to get the shipments to the customer.

However, considering the efficiency of integrated transportation systems, one should not lose sight of the volume relations in the FRG's transportation sector: of the 3,478 million tons of freight moved in 1980, 2,348 million tons were moved by short-haul motor transport, i.e. this freight was moved within a radius of 50 kilometers from the site of the carrier. As regards long-distance transportation, i.e. trips going beyond a radius of 50 kilometers, only 301 million tons were moved by motor transport; of this volume, 100 million tons were not accessible to the forwarding firms or to combination transportation, since they were moved by plant-owned vehicles.

In regard to long-distance freight transportation, the forwarding trade is forced to offer increasingly efficient transport linkages, since the costs are rapidly rising and because short-haul freight transportation is faced with increasing difficulties. In the view of the Federal Association of the German Long-Distance Transportation Industry (BDF), clogged roads in high-density population areas, restriction of the loading and unloading facilities, difficulties in regard to delivery and reception of the goods are problems for which no short-term solution is at hand. Consequently, in the short-haul transportation sector in particular, cost increases are likely, and if Bonn is agreeable, the prices can be expected to rise as well.

Confronted with price pressure on the part of the carriers, the forwarders will therefore demand more integrated transport linkages, but also development of freight distribution systems.

But this brings the motor transport sector up against considerable problems, for the enterprise structures are much too fragmented for such requirements; the enterprises, most of which are small, are lacking in financial capacity and they show little interest in investment or in inter-firm cooperation.

In response to this situation, a number of firms--especially those in need of specialized trucks--have resorted to transportation by plant-owned vehicles. At present, the market share of this type of transportation amounts to about 10 percent. Nevertheless, the growth rates have been declining in the last few years; according to the BDF, this indicates that transportation by plant-owned vehicles is not a matter of principle, but a consequence of a service gap on the part of the commercial long-distance forwarders.

High-capacity motor-transport firms have responded to this challenge. And it is these firms that the Federal Railway expects to supply additional contingents for combination transportation: by the year 2000, a piggyback volume of 23 million tons.

But this presupposes sizable investments. Under present market conditions, the price of a trailer truck with exchangeable freight containers exceeds by 40 percent that of a regular trailer truck, and on average two to three freight containers must be available per trailer truck. In the last 10 years, the number of vehicles equipped for combination transportation jobs has increased from approximately 3,000 to 34,000 trucks and trailers, for which approximately 40,000 exchangeable freight containers are available.

But it is the Federal Railway--more so than other carriers--that must invest. If it wants to gain control of and make profitable the combination transportation sector, it must see to it that not only the costs, but also the transportation schedules are acceptable to the forwarder. Already, the terminals in Hamburg, Stuttgart and Munich have reached the limits of their capacities, but due to numerous objections by adjoining firms they cannot be expanded. Moreover, the number of terminals should be increased. In a study on "alternative freight transportation systems," the Essen Krupp Research Institute arrived at the conclusion that between 50 and 60 freight transshipment centers would be needed in the FRG to optimize combination transportation.

But aside from transportation technology, the key problem is transportation-related information. In order to be able to make the appropriate arrangements in his enterprise and to derive operational advantages from the "alternative system," the recipient of a commodity shipment must know the exact time of arrival and availability.

According to a study by the Dornier System GmbH, psychological as well as legal and structural obstacles stand in the way of application of modern information and management techniques in the enterprises. The study shows that if such techniques were employed, the trucking trade could spare big cities such as Duesseldorf or Stuttgart the approximately 900 trucks that would become superfluous on account of

improved utilization of the remaining 5,000 trucks. In addition, it would be possible to save 1 million liters of fuel, to make available to the cities 120,000 square meters of parking space, i.e. space sufficient for 12,000 passenger cars, and to spare the population 120 tons of exhaust fumes.

However, in view of the deficits in the public and commercial coffers, this is unlikely to happen in the foreseeable future. Meanwhile the competition in the trucking business has become increasingly onerous to the small enterprises that due to the lack of cooperation partners are unable to participate in the Federal Railway's combination or piggyback transportation systems: all forwarders must bill their clients in accordance with the prescribed freight rates; they must not pass on to their customers, the carriers, the cost advantages resulting from combination transportation. This situation is bound to boost the investment capacity of the large-scale enterprises in the FRG.

Material Flow--Unemployed Capital

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 56-58

[Text] Limited capital resources and high rates of interest on borrowed capital are forcing Germany's managers to search for methods of reducing capital investment. A possible solution: optimization of material management.

Tyll Necker has shocked German industry with a figure: in the estimate of the manager of the Bad Oldesloe Hako-Works GmbH and president of the Association of the German Machine and Installation Building Industry (VDMA), up to 50 percent of the balance-sheet total of FRG enterprises is tied up in material supplies. This capital inactivation between commodity entry and commodity outgo may amount to between 10 and 30 percent of the total production costs.

What the experts often erroneously call material flow is in many enterprises still characterized by long waiting and storage times. At a conference of the Stuttgart Fraunhofer Institute for Production Technology and Automation, Johannes Lienert, production planner of the Schweinfurt SKF Ball-Bearing Works GmbH, stated: "As a rule, waiting lines account for 80 to 90 percent of the throughput times." The strategy recommended by Lienert: reduction of the throughput times and systematic inventory control of raw materials and intermediate products.

In 1979, the VDMA found that in the member firms an average of 37 percent of the balance-sheet total were tied up in supplies; of these supplies, raw materials, auxiliary materials and fuel accounted for 31 percent, while unfinished goods accounted for 51 percent, and finished goods, for no more than 18 percent. The mere fact that finished and semifinished goods account for over 80 percent of the enterprise's supplies shows what savings can be effected by controlling and regulating the material flow. According to Tyll Necker, the fact that within the branch the stock turnover fluctuates between 5 and--as is the case in the automobile industry--20 times per year is attributable not to better planning, but to decisively superior organization.

In this respect, the automobile industry, which has to fend off the Japanese competition with its largely automated production installations and well-thought-out

processes, has gained a lead over other branches. Japanese enterprises control the material flow in such a degree that in production and assembly they can do without large material storage areas. Says SKF planner Lienert: "Anyone who saw in Japan the trucks crawl along the highways knows where Japan's supplies are." The subcontractors are instructed punctually--to the very minute--to deliver their parts to the predetermined point of destination and to comply even with short-term order changes. "In this regard, one must point out, however," says Gerd Cagol, partner in the Munich industrial consulting firm of Roland Berger and Partner GmbH, "that in Japan the subcontractors are closely tied to the clients; in regard to investment decisions, for example, they can fully rely on the purchase guarantee of the producer." However, individual subsystems of Japanese industry cannot simply be transferred to Germany. The manufacturers in the FRG are still far from optimal material management, especially since logistical aids are still underdeveloped. VDMA President Necker holds that in regard to the material and production processes the producers should place greater emphasis on the flow principle; he points out that aside from the linkage of production machines and the installation of automated buffers, this would call above all for electronic data processing and immediate cost calculation.

However, the highly integrated and cross-linked planning systems do not yet exist. In the last few years, the United States has by stages developed computer programs for production control; at the fourth stage--which has been introduced at the end of the 1960's--these programs integrate production programs into financial planning systems. This integration greatly influences cost accounting, which now not only provides information on past production, but also enables management to make projections regarding future performance, to plan and to influence costs.

As was demonstrated by the study of an automobile firm, which was carried out by the Stuttgart ITO Company for Industrial Technology and Organization mbH, the cost accounting figures concerning circulating stock in the production process frequently do not provide a sufficient basis for regulation and control. Consequently, the production departments of the enterprise--along with their production lines and intermediate supply centers--were integrated into control groups labeled in accordance with the respective type of production process--i.e. continuous or intermittent. Within the production control system, an organization unit for circulation control was established.

Undoubtedly, the greatest effect consisted in the heightening of awareness within the production apparatus, which was immediately reflected in the readiness to take stock-reducing measures. Finally, the newly established circulation targets were integrated by the purchasing department into its consumption-accounting system.

The fact that in spite of the approximately 10-percent increase in vehicle output the circulating stock in the production sector was reduced by 20 percent shows the importance of heightened awareness in regard to cost reduction. And this reduction was effected in spite of the fact that the control objects accounted for no more than 11 percent of the total circulating stock.

Small wonder that Tyll Necker urged his association members and German industry to adopt "as quickly as possible" highly integrated, but flexible material-flow and production systems. Necker advised the members to proceed by stages, i.e. in a way conducive to operational efficiency and to careful analysis of the overall problem;

backed by SKF's planning expert Lienert, he warned against giving in to the German tendency first to let the problems develop and then try to regain control of the situation through highly complex solutions. According to Lienert, "this is bound to result in a belly flop."

Tapping Reserves Through Logistics

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 60-62

[Interview with Hans P. Jansen, board chairman of Rhenania Gruppe, a Mannheim shipping and forwarding firm, by WIRTSCHAFTSWOCHE; date and place not specified]

[Text] [Question] In the discussion on transportation policy, logistics is rapidly becoming a buzzword and a panacea. Exactly what is logistics?

[Answer] Logistics is a goal-oriented management function that comprises the following aspects: planning, execution, and linkage of all instruments needed for an operation--with the object of producing the most favorable economic effect.

[Question] Concretely, what does this mean in practical operation?

[Answer] To give you an example: For transportation projects involving heavy loads, we may offer services--including all partial transports, transshipment from one carrier to another, customs clearance, insurance and collection--drawing in part on our own production facilities. But we may also take over--for one or several producers--the entire storage, commission sale and distribution of the products. The goods come to us directly from the production line, and we inform the producers of the stock fluctuations so that they can adjust their production process accordingly.

[Question] But most of the producers have their own capacities regarding storage, personnel and transportation...

[Answer] Not necessarily. Every manufacturer must constantly ask himself the question whether what he is doing is directly related to his economic objective and whether he should do it himself or buy it in the form of service.

[Question] The way you define it, the function of the forwarder implies a strong reciprocal link: you must make a specialized investment and in the process of collection you gain insight into the customer files and the financial situation of your clients.

[Answer] Admittedly, there arises a dependence on the supplier of logistical services; consequently, the manufacturer scrutinizes the firm he does business with--whether it is financially sound and efficient.

[Question] What do your clients get out of it?

[Answer] First of all, the savings in their own shipping departments, vehicle fleets, storage capacities, and so on. Another positive factor is the greater flexibility we offer, for in periods of peak activity, we can deploy our warehouse personnel much more flexibly than can the manufacturer. Moreover, consider the

notorious capital shortage in German enterprises: they need not strain their financial resources by investing in distribution. At a time of high interest rates and pronounced market fluctuations, quick and precise communication between production and distribution is enormously important; it is an integral part of effective logistical services.

[Question] Do you encounter problems with customers competing with each other?

[Answer] Today the big customers are no longer so touchy in regard to utilization of a shared infrastructure. The battle is won on the shelves of the retail trade; the bullets must not be wasted at the distribution stage.

[Question] And so it may happen that spare parts and—if there is sufficient space—mixed cargo or soup cubes travel cheek by jowl across the country?

[Answer] If it makes sense, why not? The point is that we as the logistics specialist can accomplish more and do so more economically than the enterprises with their inter-plant transportation. Even with our big customers, we have achieved only a small part of what would be attainable upon consistent application of logistical expertise.

[Question] In order to free the commodity flow from unnecessary costs and superfluous stock-keeping, don't you need a system of commodity-flow information allowing—on the stroke of time—adjustment of the material supplies on hand?

[Answer] We have installed such a system in one of our offices, and a few of our competitors likewise have such a system. But we have not progressed past the developmental stage. On the company level, there are a few interesting initiatives, but as yet there's nothing really convincing. As regards projects involving inter-firm cooperation, nothing is being done, and it is unlikely that much progress will be made in the next few years. There is no doubt that in operational and economic terms such a system could tap considerable rationalization reserves, especially if it is possible to integrate into such a system all logistical processes.

[Question] It appears that logistical services such as are offered by you can be financed and handled only by large-scale enterprises or by cooperation-oriented associations. Doesn't this mean that the many small and medium-size enterprises in the forwarding trade are doomed?

[Answer] I will tell you who is really in danger: the medium-size enterprises that are too small to bear their overheads and too big to be run as family enterprises. These enterprises are dependent on other factors such as location, clientele, etc. and they are increasingly in danger of being taken over or going bankrupt.

[Question] Wouldn't it be advantageous to these enterprises to cooperate with other firms or to expand their operations?

[Answer] That would be so, but it is not happening.

[Question] If your policy of offering logistical services succeeds, with the supplementary services—apart from the transportation job proper—becoming more and more important, how do you determine the prices?

[Answer] In offering my service packages, I must operate—wherever possible—on the basis of the rates prescribed by the law introduced in the 1930's for the protection of the railroad. If I had my way, I would abolish all rates and introduce free price calculation in the transportation markets.

[Question] Does genuine competition between the individual carriers exist at all?

[Answer] Yes, it exists, even if it is not always as free as we would like. I advocate a higher degree of liberalization.

[Question] Could the Federal Railway survive the liberalization?

[Answer] Certainly, one merely has to allow the Federal Railway to become a profitable enterprise.

[Question] Are the vaunted combination transportation systems and integrated transportation linkages a realistic step toward that goal?

[Answer] Yes, of course. To the extent that this is good economic policy, I and many others in our branch completely agree to the proposition that we should not rumble by truck from Hamburg to Munich. And we do refrain from doing that, whenever the Federal Railway is able with its services to offer an alternative. And we would use the railroad to an even greater extent, if it were worthwhile for us and our customers.

[Question] But can competition as such be a goal? Isn't the efficient serviceability of the structures equally important? And in spite of the regulated market and the subsidized railroad, isn't this efficient serviceability a fact?

[Answer] The efficient serviceability is declining. Protection of the railroad should not be abandoned; rather, it should be optimized. If this is not done, the Federal Railway will become a time fuse in the state budgets. The Federal Railway is entitled to some degree of protection; nevertheless, it should be run with optimal operational efficiency. Anything else would be economic nonsense. What is lacking in our transportation policy is a comprehensive concept outlining for the three transportation systems—rail, water, road—an economically sensible division of labor within the framework of a system of competition.

Lufthansa Wants More Cargo

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 62-64

[Text] The strong interest shown by the Deutsche Lufthansa AG [Lufthansa German Airlines, Inc.] for the troubled Hamburg forwarding firm of Kuehne & Nagel alarmed the 116 German air freight forwarders for good reason: this month, the state-owned Lufthansa will try—in collaboration with Schenker & Co. GmbH, a subsidiary of the Federal Railway, and with the blessing of the Federal Ministry for Transport—to do without the Iata agents in transport transactions with England and to set up genuine door-to-door service. The air carriers used to restrict themselves to flying the freight prepared for them as mixed cargo or consignments by the forwarders. But this is no longer enough for them.

The air-freight companies are under increasing pressure. According to Bernhard Kalz, managing director of the Federal Association of the Forwarding and Storage Trade (BSL), they are buying bigger and bigger aircraft, offering greater and greater freight capacities that can hardly be filled, least of all in the European transport business.

However, Lufthansa has long been regarding its present and future excess capacities as symptomatic of its Iata agents' inability to produce the necessary freight volume. Consequently, the airline tried independently to deal with the freight-generating enterprises.

The first attempt was made 2 years ago through a contract-rate system designed to favor the exporter. The BSL intervened, however: Via the licensing agency, the Federal Ministry for Transport, it succeeded in revalidating the arrangement concerning mixed cargo, which Lufthansa had wanted to exclude. The objective was to collect directly from the customer.

But the exporters were slow in responding to the new system, and of the approximately 23,000 tons of freight moved on a contract basis, approximately 19,000 tons again were transported by the forwarders. According to the BSL, of the DM 913.5 million worth of Iata shipments, 98 percent were moved by the forwarding firms, among which Kuehne & Nagel (DM 109 million) is the leading air-freight shipper, with Schenker (DM 105 million) following in second place.

Meanwhile, the air-freight business and thus Lufthansa have been subjected to pressure by another party. Via Great Britain, an express-freight enterprise from Australia had reached the European market; identified by its yellow trucks and the name of IPEC, this enterprise is regarded as the yellow peril by the air-freight business: in Australia, Gordon Barton and several partners had established an express-freight system, which under the name of International Parcel Express Company had proved very profitable in the 25 years of its existence. In 1979, Barton brought the idea to Europe, where he has since been buying up forwarding firms; in Germany, for example, he bought the Emmerich Spetra Forwarding and Transport Co. GmbH.

Under the name of IPEC, Barton--following the Australian pattern--set up his express service, which presently operates--with 50 branch offices and a staff of 1,200--in the most important European countries; at fixed prices, the service offers 24- or 48-hour door-to-door service. With 70 long-distance trailer trucks and 200 short-haul trucks, IPEC transports, clears through the customs and distributes the goods. In 1980, its turnover totaled DM 120 million; in 1981, turnover is expected to reach DM 200 million.

Rainer Lenzer, IPEC's marketing manager, can readily identify the reasons underlying the success: Whereas IPEC carries out its jobs independently, an air-freight transaction is handled by many parties. The result: The air-freight consignment--while moving fast in the air--loses time on the ground. Whereas IPEC proffers 24-hour door-to-door service, Lufthansa takes 3 to 4 days.

The forwarders are fully aware of these disadvantages. Thus head forwarder Kalz calls for "speeding up the commodity transit through the customs and at the airports." Kalz fears, however, that even the current talks with the BSL will not

dissuade Lufthansa from its plan to assume control of door-to-door transport. Says Kalz: "We regret this, for we believe that this is not to Lufthansa's advantage."

But the course is clear. Joachim Vedder, head of Lufthansa's freight sales department, advised the forwarders and exporters of a new, fundamentally different distribution of functions. In his view, by the year 2000 all parties will try to obtain more control of the transport chain. Vedder predicts that the forwarders will establish their own airlines or become airline partners. The pioneer in this field is an American, Wayne M. Hoffman, who as chairman of the Californian forwarding firm of Tiger International is the pike in the fish-pond of the American forwarding trade.

For 2 years, Wayne Hoffman has been building his empire around Flying Tiger: By acquiring SeaboardWorld Airlines, he gained access to the European business, and Tiger has become the world's biggest air-freight forwarder. Taking advantage of the wave of liberalization and deregulation in the United States, Hoffman established new subsidiaries in the United States. Acquiring three trucking firms at the price of \$125 million, Hoffman gained access to the surface-freight business and Tiger has since become the tenth-largest "trucker" in the United States.

From this foundation, Hoffman--aiming to develop a door-to-door transportation system--entered the combination transportation sector: ex-railroad man Hoffman had the Bi-Modal Corporation equipped--at a cost of \$10 million--his trailer rigs with an additional axle adaptable to rail-transport. For rail-transport, the "road railer" simply retracts its road axles and extends the rail axles. Thus there emerge complete trains, which--drawn by a single locomotive--cover thousands of kilometers without any trucks.

Wayne's success above the clouds is evident from the bare figures: in spite of the presently difficult situation in the air-freight business--in which sector the enterprise in 1980 showed a turnover of \$713 million, suffering losses--after marginal profits in the preceding year--of \$9.6 million--Flying Tiger was able to increase its transport volume by 25 percent to 2.45 billion ton-kilometers, thus making good the deficit.

Lufthansa is still far from such dimensions. In 1980, the airline flew 1.5 million ton-kilometers. Nevertheless, Vedder predicts that--provided growth remains steady--by the year 2000 Lufthansa's freight volume will have increased from 0.4 million to 2.55 million tons.

In terms of present standards, this means that in the year 2000 the airline, which presently operates 2 Jumbo cargo planes, will be flying 16 planes of this type--provided Lufthansa succeeds by that time to solve the problems concerning door-to-door service.

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TECHNOLOGY HELD BACK BY RULING ON PRIVATE TV

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 18-20

[Article: "Cudgel Out of the Bag"]

[Text] The Karlsruhe verdict did not restore calm on the media front. Since the Ministry for Post and Telecommunications pushes for expansion of the cable TV networks, the technical foundations for private television broadcasting are improved as well.

At the government press conference, government spokesman Kurt Becker took a positive view of the Cabinet's discussion of media policy: "Very soon, things came to a good end."

"To a good end--perhaps," commented a Free Democratic Cabinet member; "The question is for whom." For in spite of the Chancellor's warnings against the dangers of an overly stimulating TV flood in private living rooms, there is no end to the technological advances.

And this is very much in the interest of Federal Economics Minister Otto Count Lambsdorff, who expects cable TV to create tens of thousands of new jobs. This is reflected in the statements of the FDP's secretary general, Guenter Verheugen, who accused not only the Union, but also the SPD, the FDP's coalition partner, of reducing--"under paltry pretext"--the media discussion to pseudoalternatives.

Consequently, Wilhelm Noebel, deputy chairman of the SPD's study group for problems concerning domestic policy, may have been mistaken last week, when he stated--in response to the ruling of the Karlsruhe Constitutional Court on Saarland's broadcasting law: "This verdict restores calm on the media front. The main points of the criticism leveled against the system established under public law have been nipped in the bud."

It is more than doubtful whether this is a correct reading of the Karlsruhe verdict's effect, for the FDP, the coalition partner, is singing a different tune. Verheugen stated: "Careful utilization of new technologies can serve sensibly to complement the present, indispensable broadcasting system."

The CDU/CSU criticism from the federal states sounds like a musical accompaniment produced by people who actually have superior information, but who--putting their faith in technological progress--want once again to confront the political opponent.

Said Baden-Wuerttemberg's minister president, Lothar Spaeth: The Federal Government should give up its strategy of refusal and "finally come forward from its negativist position."

However, the Federal Government need not come forward, for matters are progressing by themselves: the universal adoption of the video display terminal and of the glass fiber for integrated wide-band transmission had already been approved by the Federal Postal Service and the Postal Administrative Council.

The only new aspect is that the Postal Service intends--as the minister for post and telecommunications, Gscheidle, told the Cabinet--to proceed as planned and continue--in its capacity as network operator--to develop the cable pilot projects. And from the Federal Ministry for Post and Telecommunications, there came the satisfied comment: "Reading the Cabinet minutes, one learns that the Cabinet fully supports our position."

This means: For the time being, the media policy-related questions--i.e. who may use these new cables and what cable programs will be allowed to be broadcast to the private viewer--have been set apart from the technological problems. Ultimately, however, the situation resembles that of the superhighways: once they are built, everyone will use them.

Naturally, the Federal Chancellor's Office, too, is aware of this: until the last moment, Albrecht Mueller, head of the planning department, did his utmost to prevent this development. Thus Becker's comments on the media discussion in the Cabinet sounded like rear guard skirmishes: "The integrated wide-band glass fiber telecommunications network is not introduced for the purpose of expanding and improving the radio and TV network." Becker also denied that the SPD had made any concessions to the FDP in regard to cable TV. For the rest, he urged the states--which by virtue of their broadcasting sovereignty are in charge of the programming--"to try to maintain a uniform structure." In other words, the SPD minister presidents are to prevent the Union heads of state from promoting too vigorously the private cable projects and programs.

To be sure, commenting on satellite TV, Becker once more produced the big stick: "In view of the shortage of frequencies, the Federal Postal Service will not hesitate--in the event of utilization by satellite TV from neighboring countries--to use these frequencies for its own terrestrial installations," which statement gave rise to the question whether the Germans intended to set up jamming transmitters. But Becker, too, knows very well that nothing can be done in this respect. For any jamming--e.g. a jamming of Radio-Télévision-Luxembourg (RTL)--will also affect the adjoining frequencies of Austria and the FRG and would be identifiable as such--thus calling forth action pursuant to international law.

Moreover, concern is voiced also by the private industrial sector, which fears that on account of the Federal Postal Service's licensing procedure in accordance with Article 49a of the Telecommunications Regulations it may lose out on the profits to be expected in the cable TV business. At present, however, the order books are well filled, and in the long term, private industry is bound to reach an agreement with the Ministry for Post and Telecommunications, since--as is indicated by its present quandary in regard to telephone service--the ministry will not be able on its own resources to handle the introduction of cable TV.

In view of this development, Helmut Schmidt appears to have given up. Said Becker: "The Chancellor can freely comment on problems that arouse his concern in connection with an increased availability of television; however, in view of the jurisdictional limits imposed by the constitution, he is not in a position to take any action."

8760

CSO: 3103/388

INTERVIEW ON FRANCO-GERMAN ANTISHIP MISSILE PROGRAM

Paris AVIATION MAGAZINE INTERNATIONAL in French 15-31 Jul 81 p 19

[Text] Questions for Mr Michel Allier, director of the tactical devices department Aerospatiale: "Whenever we can, we try, in a preferential manner, to conduct programs with our MBB partner."

AMI-The antiship supersonic missile program, ANS, has just been started by two manufacturers: Aerospatiale and MBB. Why drop the three-party ASSM (Antiship Supersonic Missile) program in which Great Britain, the FRG and France were associated, in favor of a bilateral program?

Michel Allier-Actually this Franco-German program depends on bases different from those which had been envisaged for the ASSM program. I shall point out that the latter was an official program, designed by the GIE ASEM, which we had created in response to a Memorandum of Understanding stipulating both the specifications for a missile planned for the NATO countries and, in other respects, the commitments of the government, and particularly the English, German and French governments regarding their financial support for this program. But it had to be admitted that in two of the countries at least, the necessary financing for the normal progress of the project was missing.

Faced with this situation, we therefore decided to put an end to the program of both the GIE and the ASEM.

[Question] What was, in fact, the motivating factor for starting up the ANS?

[Answer] Where Aerospatiale was concerned, we therefore thoroughly examined our position on the world market and our long-term prospects. The conclusion was that it was absolutely necessary for us, as the supplier of a certain number of navies, to be capable of offering them the product that they might be needing towards the end of the 1980's (broadly supersonic missiles, Mach 2 or more and capable of very high load factors, 10g). Besides, we likewise found out that, by means of the programs that we are currently developing for the French government, we have the necessary technologies for carrying out such a program.

Therefore we have decided, and have done so at a strictly industrial level, to begin the first phase of predevelopment of a system quite capable of responding to the specifications that had been given by the different navies in the NATO group.

[Question] The ASSM was dropped because of a lack of financing. How does it happen that the ANS can be carried out solely on the basis of a bilateral agreement, and yet be equally ambitious?

[Answer] You know that when several countries participate in a program, work has to be found for everybody. And with this political constraint there are cases in which the best available experience is not used: sometimes new developments have to be done simply because it is a matter of an international project. And in the case at hand, it turns out that Aerospatiale and MBB each have all of the necessary techniques to develop this new program. Thus we are going to be able to reduce its development cost considerably, regardless of the fact that a program done under single supervisory arrangement in a company (I remind you that Aerospatiale will be responsible for the supervisory arrangement in the framework of this program) is cheaper.

[Question] In that case, why didn't Aerospatiale go into it by itself?

[Answer] The technical and economic considerations, which are extremely important, were in line with one of the strategic principles of our company, i.e. whenever possible we try to carry out, in a preferential manner, programs with our partner, MBB. Aerospatiale is, moreover, linked with that company in the range of activities in which it is involved. Now for years MBB has, with official German financial support, been involved in studies having to do with a statoreactor using boron fuel. A system which, beyond the kerosene statoreactor which we have earmarked for our first development phase, would provide the advantage of being able to reach a given range with a missile about 50 centimeters shorter. No small advantage, when it is a matter of airborne loads. So we had good reasons for choosing this cooperation. But this should not be viewed as a wish to put off the British.

[Question] Why have cooperation outside of the Euromissile framework?

[Answer] If this grouping made it possible to manage the commercial interests of Aerospatiale and MBB effectively, its structures always involve having joint decisions in time, which, of course, has some fall-out on the duration of development. The formula entailed is similar to that which was implemented for the "Alpha Jet" program: i.e. there was a single supervisory arrangement, the other partner being an associate with a full share and not simply a subcontractor.

[Question] What is the cost of the ANS program?

[Answer] The cost of developing the ASSM was in the neighborhood of 2.5 billion francs. That of the ANS ought to be around a billion francs.

[Question] Do you already have the exact objectives in market terms?

[Answer] We have, of course, done some marketing studies. And we think that the market which should remain open to us (especially the one which includes countries sufficiently close to France or sufficiently linked with it politically) is broad enough to justify this investment. This market should, in fact, be about the same as that of the "Exocet."

[Question] So the ANS was started up on the sole basis of the initiative of the manufacturers. Do you think that there will be a governmental financial bridge and particularly that of France?

[Answer] We plan on developing this new missile in 8 years. We, of course, hope that there will be a governmental financial bridge, but we are determined to go all the way without letting ourselves be stopped by delays to create agreements and official funding.

[Question] Traditionally the "tactical devices" division has greatly contributed to the balancing of the results of Aerospatiale. Will the programs under way insure the duration of this situation, and under what conditions?

In this area there are two types of conditions: those which are attached directly to our company's strategy, and those which depend on the market.

Where Aerospatiale is concerned, the leadership of the company is well aware that to have available a business for "tactical devices" which could contribute to the financial equilibrium of a company, the division which is developing this system must be allowed to reinvest a part of its profits in the development of new products. We are, furthermore, proceeding, at the division level, with surveys (in the fields of propulsion, structures using new materials, and the approach system) which should enable us to remain in the head squad on the worldwide level in this lookout station.

As for the market, I will say that to keep our place among the leaders of space companies, we have to keep a worldwide dimension. This is a constraint which the new government has understood perfectly. And I think it is quite possible to reconcile this need and a government's wish, which seems quite normal to me, to continue to exercise close control in the political area over our exports.

9498

CSO: 3100/863

GOVERNMENT SAID TO CONCEAL STATE ECONOMIC DATA

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 28, 9 Jul 81 pp 59-60

[Article by Pavlos Klavdianos: "Various Estimates Raise to Very High Levels the Current Year Deficit"]

[Text] At this moment the progress in the implementation of the regular and the general state budget is unknown. Half the year is gone yet the government has not announced any information.

This fact--whose intention is evident and raises valid questions--makes difficult any specific estimate or prediction for 1981--for a year, that is, of greater interest than ever before because of economic conjuncture but also because it is an election year.

It appears, however, that it is exactly this fact that "is disturbing" the government which has virtually imposed an embargo on the flow of information to the public as well as to the appropriate services which follow and use such information.

Yet on the basis of the 1980 attainments--which too are not yet completed--and other data which compose the picture of economy at this moment, it is possible to express some opinions, which, however, are tragically pessimistic and indicative of the fiscal management for 1981.

On the basis of these knowns, then, it could be easily said--and many do say so--that the cash deficit of the regular budget could reach this year 60 or more than 70 billion drachmas. This means that, on the basis of the experience in previous years, for the first half of 1981 this deficit more than surpassed 30 billion drachmas.

According to the data in the report of the Bank of Greece governor for 1980, the cash deficit of the regular budget reached 22.5 billion drachmas in 1980 compared to a surplus of 6.2 billion drachmas in 1979. The picture would be clearer if we added these two figures because 1980 with the deficit of 22.5 billion drachmas actually started off with a positive transfer of 6.2 billion drachmas from 1979. The true [1980] figure then would be [about] 29 billion drachmas.

The negative development of the 1980 deficit is due to the low yield in certain tax areas and the additional costs. As the report specifically states on page

111 "the decline in secondary production [industry, electric power, etc.]; the decrease in private consumption and more particularly in the demand for automobiles and other heavy duty goods imported from abroad; and, finally, the slackening in general transactions have adversely affected the yield of indirect taxes. At the same time, the budget covered a deficit of 9,400 million dollars for the 1979 consumption goods account as well as additional costs caused by the increase in fuel prices and interest rates in the international market as well as by the increase in the price of foreign currencies."

These very causes are also present in the implementation of the 1981 budget. As a matter of fact, some factors such as the dollar price increase, the increase in international interest rates, the cost increases, et al, are this year more apparent. Such is the picture of this extremely unfavorable development.

Indirect Taxes

In this respect the overestimation of the regular budget revenues especially from indirect taxes is a very important culprit. According to the cover report attached to the 1981 budget, the indirect taxes are estimated at 280.7 billion drachmas--a figure which is totally unreal because of the inflation now plaguing the Greek economy and because, by all appearances, of tax evasions.

The 1980 revenues from indirect taxes appear also considerably reduced. According to the Bank of Greece report they will reach 221.5 billion drachmas. They were estimated at 227.3 billion while the 1980 budget cover report predicted 242 billion drachmas. There was, that is, an increase of 7.3 percent compared to 22.7 percent in 1979. These new facts for 1980 mean that the 1981 increase in revenues from indirect taxes must reach 29.9 percent (and not 23.5 percent as the cover report states) in order to achieve the target of 280.7 billion drachmas.

But for a year like 1981 which qualitatively does not differ at all from 1980 (inflation, tax evasion, etc.) we must consider as improbable the possibility of a 29.9 percent increase in indirect taxes compared to 7.3 percent in 1980. Some figure between 10-15 percent should be considered as a reasonable increase for 1981.

Tax Evasion

With regard to tax evasion and the available machinery for its arrest at a time of recession and drop in business, it is reasonable to expect its increase because a "recourse" to it will be the first step businessmen will take in order to compensate for their reduced profits.

As concerns the other important source of revenue, the direct taxes, the target of 127.5 billion the 1981 budget cover report predicts will also fall short. This target corresponds to an increase of 20 percent compared to 29.5 percent in the 1980 budget whose target also was not fully achieved. A total of 104.5 billion drachmas was collected against the 106.6 million the budget cover report predicted. To a large extent this year's lag is due to the new tax accommodations.

With regard to expenditures things until now appear more encouraging. Their inelasticity is pointed out in the budget cover report also and is becoming worse by the "elections" factor and by the policy of the "preelection handouts." It would not at all be unsound if some percentage units were estimated as a cost overrun in this sector.

Dollar Price Increase

Another cost category will surely be the one to result from the continuous upvaluation of the dollar. This factor was much milder in 1980. We mention, indicatively, that if the estimates for the 1981 budget were made on a parity of 46 drachmas per dollar the cost overrun will be exceedingly greater if, on the basis of the present givens, an average parity of at least 55 drachmas is considered. The dollar price increase as well as the increase in the international interest rates should cause a cost overrun in servicing the public debt of perhaps more than 10 billion drachmas. But a burden [on the budget] will also be caused by the purchase of oil (dollar upvaluation). Under the assumption that the fuel prices will not increase until the elections, one may assume that not only will the 8 billion drachmas not be saved as the budget predicts but on the contrary it is possible that this amount may cause a surcharge burden (unless, of course, the government unsoundly chooses to decrease the reserve funds).

In addition to the above, we should also mention the budget provision for an increase by 3 percent (1980: 1.6 percent) of the gross domestic product or 23 percent in current prices of the gross national income for 1981. Today, even most of the optimists do not exceed their predictions even by 1 percent and this constitutes an important element in the discussion concerning 1981 budget targets.

We think that what has been said thus far contradicts to a great extent the basic assumptions on which the predictions concerning the revenues of the regular budget were based (page 114)--tax yield, tax evasion, tax incomes, increase in the national income, etc.--as well as the expenditure targets. At that time such result could be hoped for. Today, however, such a thought is antiquated.

A partial refutation of our syllogisms would not of course cause us any disappointment since the weakness of their strict "percentaging" is not of our making and this naturally increases our right for errors. It is the government itself that keeps closely guarded the figures perhaps to avoid a revelation of its doings before the coming critical elections.

A 1981 deficit of 60 billion drachmas in the state budget which is predicted fiscally as balanced indicates among other things a major political problem. Actually it concerns a fiscal management for 1981 which in practice transposes expenditures to the 1982 management. This is but one more negative given for the present government this year.

In a similar way one can explain the [government] tactic of concealing other information which would reveal a different and unflattering picture of the real situation. This too is one of the unlimited recourses the Greek reality--the government in this case--takes to the reserves of its underdevelopment.

It is characteristic that with regard to the sector we are discussing--the fiscal--the data most recently published refer to September 1980. But, according to regulations, the General State Accounting Office should have published by now the May data on the monthly progress of the 1982 budget. [Why is this secret] kept from the citizens and even the appropriate authorities? Nor is the final report for fiscal 1980 yet known. We were told that this report will be made available to us when the 1981 budget is submitted! Yet, the Bank of Greece has no difficulty in predicting that the 1980 budget will close balanced at 360 billion drachmas (not at 368 billion estimated by the budget cover report). This prediction is made despite the cash deficit of 22.5 million drachmas on 31 December 1980. Until then, that is, we must accept the theoretical possibility that these 22.5 billion drachmas will be balanced through the extension of the 1980 fiscal year into 1981. (As is known, the state budget cash results are different from the fiscal budget data the reason being that the first derive from the activity of the state accounts in the Central Bank during the calendar year. While the second include the extension into 1981 also. For the expenditures this extension ends on 30 April and for the receipts on 28 February. Also, we will have to accept the possibility--small theoretical possibility--that of the two successive budgets one will show a cash surplus of 6.2 billion drachmas and the other a cash deficit of 22.5 billion drachmas.

Bank of Greece Comprehensive Report

Beyond this, taking recourse in other related sources for relevant data would be extremely difficult. One step would be to follow the comprehensive report the Bank of Greece publishes at the end of each month and which includes the state's transactions. The relevant account--receipts and payments--which credits the temporary grants to the state for the implementation of the annual regular budget shows a normal flexibility each month and a debit balance--state borrowings, that is--around 2.3 billion drachmas and always less than the sum of 2.5 billion drachmas allowed by the Monetary Committee. Such procedure does not reveal anything excessive in the implementation of the budget. By contrast, the account "Financing the Procurement of Consumer Goods" which shows the bank's loans and credits to the state for the procurement of oil and other consumer goods as well as for collecting farm products, shows an excessive increase from month to month: January 1981: 115.4 billion drachmas; February 1981: 123.3 billion; March 1981: 135.8 billion; April 1981: 154.4 billion drachmas (April 1980: 63.8 billion)--an increase which cannot be justified only by the increased stockpiling of oil.

The credit expansion also may be considered as another source. But in this case too no data exist on the development of the critical volume in 1981. One wonders, moreover, why no response at all was given--unless we failed to notice it--to the disconcerting overrun of 100 billion drachmas beyond the allowed monetary expansion as NAVTERGATIKI has reported. To insist the reader get an idea of this volume, we mention that in 1980 the financing of the private sector and of the public enterprises and organizations (excluding the central administration) increased by 191.6 billion drachmas or 24.1 percent.

Even though the figure of 100 billion drachmas does not seem to be absolutely sound compared to the private sector at least, yet it is characteristic and--since it concerns the public sector--perhaps supports our conclusion about the large cash

deficits--which are covered by the Bank of Greece--occurring during the implementation of the 1981 budget. If such is the case, then the question arises: How is a deficit of over 60 billion drachmas met? Naturally it can't be done easily. Expenditures may be curtailed, taxes and special contributions may be imposed, but can a government have recourse to the Central Bank and invoke its issue privilege?

The question about people knowing always but especially now before the elections what actually takes place in the Greek economy is a matter exceedingly political.

7520

CSO: 4621/58

BERLIN'S CDU SENAT BACKED BY FDP, CHALLENGED BY SPD

Bonn DIE WELT in German 17 Jul 81 p 4

/Report by Axel Schuetzsack, Berlin/

/Text/ In the course of yesterday's discussion by the Berlin Assembly of Richard von Weizsaecker's government declaration, Horst Vetter, chairman of the FDP fraction, stated that the majority of FDP fraction members would approve the policies of the new Senat. Hans-Jochen Vogel, chairman of the SPD fraction, explained that the party's rejection of the government motion did not signify a "basic no vote on all political statements and intentions of the Senat." The fraction of the Alternative List disapproved the entire government program and sharply attacked the CDU Senat.

Vetter justified the approval of the government declaration by a majority of the FDP fraction. He said that the fraction could have made possible the enactment of the government motion "simply by the members absence." He, however, had preferred "to make the political horsetrading quite obvious."

Vetter assured the Senat of his party's support with respect to financial and economic policies. The FDP also gave its complete assent to the government's aim of speeding up the improvement of housing conditions in older buildings by various maintenance measures.

In his critique of von Weizsaecker's government declaration Vogel questioned the Senat's credibility. In this connection he sharply attacked Interior Senator Heinrich Lummer. He described it as a "monstrous accusation" for Lummer to claim that the SPD did not clearly proclaim its allegiance to the constitutional state. If that accusation were not repudiated, relations between the Social Democratic fraction and the Senat would be subjected to "severe strains."

The SPD fraction chairman promised the Senat the support of the Social Democrats, provided the Senat would resolutely confront any use of violence. However, he warned the government not to have buildings cleared without prior careful evaluation if it did not have a legal obligation to do so.

As for the Social Democrats relations with the Alternative List (AL), Vogel stated that the SPD, "God knows," did not like everything said and done there. Nevertheless he considered it an opportunity for the protest potential of AL voters to have a voice in the assembly. The "process of AL parliamentarization" should therefore not be subjected to undue hardship.

AL deputy Micha Wendt called for "extraparlimentary resistance" to make sure that the CDU's government concept should fail.

WEST BERLIN ASSEMBLY VOTES ON CITY POLICIES

West Berlin DER TAGESSPIEGEL in German 17 Jul 81 pp 1, 7

/Text/ Yesterday's discussion in the assembly lasted until well into the night. The debate concerned the government declaration submitted by Governing Mayor von Weizsaecker on 2 July. In his capacity as SPD spokesman fraction chairman Vogel described the outlines of the CDU minority Senat as "contradictory, unclear and incomplete." At the same time Vogel expressed the opposition's readiness to rationally discuss important issues at any time. It was a matter of course that the SPD's aim was "to end the ruling minority's governmental responsibility at the next election."

The vote on the CDU Senat's 10-point statement, assumed to be the outlines of government policy, was still proceeding when this newspaper went to bed. The SPD had called for a vote on every item, only subsequently was there to be a vote on the program in its entirety.

Before that, in the course of the "topical hour," the assembly had conducted a lively debate on the topic "individual terror," as relating to the events at the Grunewald demonstration last Sunday. The spokesmen for the CDU, SPD and FDP urgently called upon the representatives of the AL /Alternative List/ to denounce these terror methods. The AL fraction spokesman, however, rejected the appeal.

As the first speaker Vogel called upon Weizsaecker to repudiate Lummer's "monstrous accusation" that the SPD did not explicitly profess allegiance to the democratic constitutional state. Such an accusation was incompatible with Weizsaecker's proclamation of a policy aimed at a broad basic consensus beyond party lines. Vogel reproached Weizsaecker with a lack of credibility due to the contradictory statements issued by the governing mayor before and after the elections as well as some decisions regarding personnel.

Vogel promised SPD approval of government policies "whenever this seems to us the proper thing to do," especially when the CDU Senat continued social-liberal policies.

According to Vogel approval will be given in particular to the Berlin and Germany policy formulated by Weizsaecker and first developed by the SPD and FDP. On the other hand the Social Democrats would watch to see "that Senat actions agree with his words."

Approval was also promised in matters cultural policy, especially the encouragement of free groups. On the issue of construction Vogel expressed his agreement with greater protection for tenants when rentals are converted to condominiums or coops, also with the principle that maintenance has priority over modernization and restoration, in other words over demolition and reconstruction. Also to be welcomed was the proposed integration of the inter-urban electric railway into the city traffic system and the reform of district administration with the aim of increasing district responsibilities. In doing this the organization of the urban housing construction societies would also have to be discussed. At the same time Vogel warned against plans "for setting up something like a single municipal unit."

The leader of the opposition branded as "totally contradictory" the government declaration about drastic spending cuts. How could one take this seriously if the intention to cut billions was juxtaposed with plans involving spending of exactly the same dimensions. The SPD recognized the necessity of cuts but would submit its own conception. It would resolutely object to any attempts at imposing greater burdens on broad strata while maintaining the privileges of some specific groups.

In Vogel's judgment the government declaration tended to be "niggardly, unclear and silent" on concrete issues. Weizsaecker, for example, had failed to answer the question how the CDU proposed to finance the 50,000 housing units planned through 1985--30,000 more than hitherto provided for. The same held true for the proposed education subsidy.

On behalf of the Social Democrats Vogel rejected the education subsidy for reasons of basic family policy. He also called upon the Senat to correct its "mistake" of maintaining rent control in older buildings through 1990 for existing tenants only and lifting it for new rent agreements from 1983 on.

Vogel rejected the principle involved in Weizsaecker's announcement that day care nurseries should no longer be free of charge. The Social Democrats would, though, be prepared to discuss the payment of a contribution by parents with higher incomes or those able to make other provisions.

On the topic of squatting Vogel accused the governing mayor of "badly and dangerously handling" the "Berlin line." The "rather stupid attempts to attribute to the Social Democrats a vacillating attitude on just this question were coming close to slander." The SPD admitted its share of the blame with regard to the causes of squatting, but the CDU's share was no less and had indeed increased since the CDU took over the government. Vogel challenged Weizsaecker's Senat to begin negotiations on "use concepts and trust models."

On the issue of the economy Vogel said that the CDU standpoint in matters Berlin promotion was questionable. Concessions should not be oriented to turnover alone, they should also take into account the total of wages paid by the respective firm.

Vogel sharply assailed the aliens policy proposed by Weizsaecker. The SPD politician described as hazardous the alternative--return home or integration including the acquisition of German citizenship. It was bound to arouse fears among the aliens and false expectations among the Germans. Here the seed was planted for a dangerous development.

Vogel was critical of Weizsaecker's philosophical principle--self-help as opposed to government intervention. Lacking here was the principle of solidarity. Vogel said that Weizsaecker's philosophy "separates and disintegrates." It throws everybody back upon himself and confronts the weaker members of society especially with the question of conscience: "Whether they are lazy, maladapted or simply not clever enough."

AL deputy Wendt predicted a rejection of the government declaration's outlines by his fraction and noted that the ideological base of government action had changed as the result of the CDU Senat "which had assumed power consequent on a truly historic act of voter betrayal by the FDP." While the SPD was compelled to consider its voters and their interests, the CDU did not need to do so. By asking for a sense of community Weizsaecker had called for "possible sacrifices by the individual," and these individuals were always the socially weakest. The proposed subsidies demonstrated that they would serve only the capital formation of the self-employed. Building owners would have maintenance work done because this would involve "higher profits." Squatters, on the other hand, do maintenance work because they live in those buildings." Wendt described as "particularly reactionary" the CDU aliens policy. The aim, he alleged, was a "German popular community."

The AL deputy is convinced that the proposed housing construction would be carried out entirely on the backs of the socially deprived. Social housing construction was tantamount to housing construction for increasing the wealth of the rich. The introduction of the "white circle" also was an example of the burdens imposed on the socially weak. Wendt further objected to the abolition of jobs by rationalization, something which would be encouraged by the principle of turnover tax preference within the scope of Berlin promotion.

Vetter Gives Reasons for Approval

FDP fraction chairman Vetter announced the approval of the majority of his fraction regarding the government outline program. In justification he mentioned "responsibility for the city" and agreement with many sections of the government declaration. However, this Senat had no firm parliamentary majority and would therefore not receive a "blank check" for the legislative term. The Senat's success and duration would depend also on that body's ability in its decisions to take into account "the principle of the broadest possible consensus within the assembly."

Vetter welcomed the readiness reflected in the government declaration to "call a spade a spade." This included the challenge to the citizens to perform and the Senat promise to cut spending. The FDP was also satisfied with the emphasis given the description of Berlin as "the acid test of any detente."

The Liberals 'Different Kind of Vision'

Still, the liberals did have a "different kind of vision" regarding various issues. In this context Vetter objected especially to the CDU's proposal to abolish rent controls for existing tenants in older buildings from 1983 on. He called "utopian" the Senat goal to provide no less than 50,000 housing units by 1985. On the other hand he agreed with the proposal to give priority to maintenance over modernization and restoration of older buildings. In the opinion of the FDP the abolition of free day care nurseries was "somewhat too harsh." Nor was the FDP able to agree with the CDU's rejection of municipal voting rights for aliens because the party has not yet finished discussions on that topic. Vetter called upon the Weizsaecker Senat to "courageously" break new ground. The much heralded new start should not be undertaken while wearing "a pair of patched shoes."

The FDP fraction chief indicated approval of the CDU's self-help principle but, at the same time, objected to the Christian Democrats "need for conservative harmony." He also proposed the appointment of an assembly committee of inquiry on the topic of youth protests. Still, this dialogue with youth should not signify the passive acceptance of violence. "Rock throwers are neither ready for a dialogue nor capable of conducting it."

Vetter dealt harshly with the Alternative List. He refused to debate with the party because he failed to see much if any comprehension for the parliamentary process. He described their parliamentary behavior as "rather confused."

Diepgen Calls for Unity

CDU fraction chairman Diepgen said the Weizsaecker government declaration had clearly shown that Berlin and its problems were approaching the limits of the tenable. "Unity of responsible and democratic forces" was urgently required to cope with the difficulties. A great deal of agreement would have to be achieved beyond party lines, social groups and age groups in order to produce satisfactory results with regard to the issue of Germany, rental and housing problems and the security of public order. In view of the problems confronting the city cooperation should not be a matter of temporary tactics.

Diepgen stated Weizsaecker had justifiably omitted in his government declaration to measure proportions of blame for past mistakes. Nevertheless responsibilities should not be fudged. In particular Diepgen criticized former Governing Mayor Vogel who seemed intent to make everybody forget who was responsible for the city's present situation. After almost 35 years of uninterrupted involvement in the government the Social Democrats had left behind a "troublesome heritage." Diepgen mentioned a DM2.4 billion gap in medium-term fiscal planning through 1984 and the guarantee scandal surrounding architect Dietrich Garski, which would cost the taxpayers almost DM100 million in the coming years. Unsuccessful modernization and restoration policies had resulted in more than 900 vacant and 160 squatter occupied residential buildings in the city, while 35 years after the war thousands of Berliners were still searching for appropriate accommodation. The new CDU Senat would be able only "step by step" to tackle and settle these problems, Diepgen thought.

Weizsaecker: Restoring Public Order

In the words of Governing Mayor von Weizsaecker the restoration of public order is "the first and foremost duty" of the new Senat. In his speech Weizsaecker appealed to all citizens, politicians and organizations to forget conflicts and assign priority to public order in the city. To the accompaniment of vocal objections by the SPD and the AL Weizsaecker accused opposition leader Vogel of not having served public order by his tactical maneuvers vis-a-vis the Alternative List. The governing mayor said he did not doubt Vogel's wish for public order, but the latter's signals to the AL had "damaged more than benefited" that order.

Vogel would have to submit to being asked whether he believed at one and the same time to be able to serve public order and openly cooperate with the AL which avowed its commitment to violence. Weizsaecker again asserted that, for the sake of credibility and to defend the citizens, he would confront violence wherever it occurred.

The "necessary measures as per the Berlin line" with regard to squatters would have to be carried out. At the same time Weizsaecker emphasized that he intended as quickly as possible to tackle the "intolerable social evil" of empty apartments by way of many and varied measures such as use contracts, temporary use and self-help in the matter of housing maintenance. It was his Senat's goal to contribute to a calmer atmosphere so that Berlin's image should no longer be marred by the disruption of public order.

'A Second Wall'

As regards Germany and Berlin policies the governing mayor underlined "Berlin's vital interest" in loyal cooperation between the Federal Government and the Berlin Senat. Weizsaecker again condemned as "an intolerable second wall" the increase in minimum money conversion decreed by the GDR. Replying to Vogel's objections to the Senat's alien policy, Weizsaecker retorted that he had "not the least intention" to decrease the numbers of aliens in the city by threats of expulsion. He definitely rejected coercion. The propositions submitted by him were to be understood as exclusively voluntary offers. In addition to safeguarding Berlin's future and restoring public order the governing mayor again mentioned as other key issues for his Senat the introduction of the self-help principle in conjunction with the assumption of joint responsibility by the citizens in place of a state run society. To do so it would be necessary to expand the scope of freedom and regain the old tradition of Berlin tolerance for those following a different drummer.

Kunze Justifies Rejection

As expected FDP deputy and party chairman Kunze announced the rejection of the government declaration outline by himself and his fraction colleague Fabig. Kunze justified his decision by citing the contradiction between liberal convictions and the government declaration which was characterized by conservative ideas and proposals for action.

As to the internal conflict within the FDP Kunze said the liberals would not give anyone the satisfaction of carrying on this conflict in the assembly plenum, although it was "by no means negligible" inside the FDP.

All FDP deputies were present with the exception of deputy Dittberner who had announced toleration for the government declaration but failed to attend yesterday's plenary meeting.

'Inherently Fascist'

In the course of a topical hour on the issue "individual terror," requested by the CDU fraction, the CDU, SPD and FDP fractions unanimously described as inherently fascist the demonstration held in Grunewald on Sunday last with the slogan "demonstrators visit speculators." They appealed to the Alternative List (one of the organizers of the demonstration) to become aware of its responsibility for peace in the city and to clearly distance itself from physical and psychological violence. The AL fraction, for its part, accused the CDU in particular of indulging in an "orgy of demagoguery" and of having elected the AL to be the scapegoat in order to be able to carry out the "strategy of force." While appealing to each other for unity among all democrats in order to repel the attacks on the constitutional state, the CDU and SPD accused each other of a lack of credibility and implication in the escalation of violence.

Interior Senator Lummer emphasized that repression alone was not suitable for settling the basic problem. At the same time there had to be recognition that the government alone had a monopoly of legitimate force. Anything else was bound to result in chaos. Some people had been involved in the demonstration, who were "consciously" aiming at "destroying" the legal system of this government. Concerning the AL which had emphasized its intention to have the demonstration proceed peacefully, the Interior Senator said that a loudspeaker van had exhorted to violence in the course of the "Sunday walk." Lummer combined his appeal for the unity of the democratic parties with an offer to restrain his own pronouncements. Berlin's fundamental problems could not be settled by one party alone.

Rzepka: Excesses Planned in Advance

On behalf of the CDU fraction deputy Rzepka accused the AL by its call for this demonstration to have more or less "suggested the senselessness of nonviolent disputes." The excesses of some demonstrators were certainly foreseeable. The accusation of housing speculation was "totally unjustified" with regard to the overwhelming majority of those the demonstrators had addressed, said Rzepka. The SPD and its leader Vogel had terminated the consensus about the defense from dangers. Rzepka claimed that the SPD had thereby damaged this city. He added that earlier remarks by Vogel had lacked any feeling of responsibility toward the whole.

Schneider: Insinuations

SPD deputy Schneider accused the CDU of exploiting the situation to derive party political benefits. To slander democratic parties such as the SPD by insinuating that it did not fully support the constitutional state meant that the appeal for unity could not be taken seriously. As long as the AL refused to distance itself from the use of physical and psychological violence, it would have to bear some blame for the excesses. Discussions about the introduction of the new CS irritant gas, on the other hand, did not help along the slackening of tension ostensibly intended by the Senat.

Brunner: The Step of the Brown Columns

According to FDP deputy Brunner a continuation of the AL's present line would result in an escalation of violence without end. At Sunday's demonstration the "distant step of brown columns" had been audible. As a new approach to the liberation of the citizen from his fears Brunner proposed to put citizens and civil rights together under the protection of the penal code. This would resemble the situation in the United States where offenses against civil rights are punishable. The total of constitutionally protected citizens and civil rights of the individual should receive very special protection.

AL: The SPD Shares in the Blame

AL deputy Finger accused the CDU of consciously wishing for violence in order to be able to fan the anxieties of the citizens. The CDU knew only one approach to the settlement of social conflicts: "Hit them, hit them again and intimidate them." That was a "perverted application" of the government monopoly on force and therefore "class politics in the bad old sense." The SPD had to share the blame for all the CDU was now doing, because it had frivolously rejected the demand for amnesty.

AL deputy Selling confirmed that the demonstration had been a "meaningful event." The demonstration was not aimed against individuals, only against speculators as representatives of society.

Question Hour

At the beginning of the session Senators answered verbal questions in the course of the question hour.

Social Senator Fink's appeal to Berlin physicians to make themselves available for the provision of expert opinions with regard to claims for the issue of special passes for the severely handicapped has already shown some success. Fink reported that 15 physicians have declared their readiness to issue expert opinions for a fee. He estimated the cost at some DM500,000.

According to Justice Senator Scholz there is no chance of a direct instruction to the public prosecutors office for applying for the release from prison of Ilse Schwipper, held for the purpose of further investigations. He pointed out that this was the province of the court of appeal which, in a decision of June last, had not seen fit to cancel the arrest order. Scholz admitted that there was a danger of Ilse Schwipper's committing suicide. Appropriate precautions had therefore been taken. Frau Schwipper was given a life sentence for involvement in murder in the course of a trial of terrorists; however, the verdict has not yet received legal validity.

Interior Senator Lummer once again reaffirmed that he will not decide about the introduction of the new CS irritant gas by the Berlin Police before the conclusion of the conference of interior ministers in September/October next. Lummer emphasized that he would await the result of studies before coming to a decision. Incidentally he failed to see a "totally new quality" of police tactics in the possible introduction of the new irritant.

The next meeting of the assembly will take place on 24 September, after the summer recess.

WEST BERLIN TO CONTINUE TOLERANT POLICY TOWARD SQUATTERS

West Berlin DER TAGESSPIEGEL in German 18 Jul 81 p 2

/Text/ As we reported in yesterday's late editions, the Berlin Assembly approved the outlines of the CDU Senat's policies Thursday night; the voting was 68 to 61. Later that night, in fact until 02.00 hours, the normal daily agenda was dealt with. As in the course of the 8-hour debate on the government declaration offered by Governing Mayor von Weizsaecker, the main discussion concerned the topic of squatting and the preservation of public order.

A broad majority of the assembly approved the SPD motion for reemphasizing the "Berlin line" vis-a-vis the squatters, developed by the former social-liberal Senat Vogel/Brunner, including efforts for use concepts. The SPD called for a voice vote, and CDU, SPD and FDP unanimously voted for the motion. Eight members of the AL /Alternative List/ fraction opposed, one abstained. On behalf of the SPD fraction former Senator Anke Brunn stressed that the "Berlin line" offered the beginning of the political settlement of a problem which had aroused youth protests. At the time it achieved a lessening of tensions, but this was now endangered by the new Senat. She was concerned that the protests would reignite.

CDU fraction chairman Diepgen welcomed the rejection of the use of violence expressed in the motion, the call for a "dialogue with those involved" and support for the police in carrying out its duties. Though it must be assumed that the SPD's motion was concerned with obtaining an "instrument for future conflicts," the CDU was able to agree because this was also the core of its own policy. The AL, by contrast, accused the SPD and especially its fraction leader Vogel of giving the Senat a free hand to clear occupied buildings in the course of the summer recess. Thereupon FDP fraction chairman Vetter accused the AL of seeking confrontation exclusively.

Sent to the appropriate committees was an AL motion calling for suspension of the removal of squatters until the end of September. By then the Senat should have drafted use concepts. The motion was actually tabled because the assembly has broken up for the summer recess and will not meet again until September. Vogel and Governing Mayor von Weizsaecker also intervened in the debate. Vogel challenged von Weizsaecker to promise--until the end of September--to allow the removal of squatters only when this was "legally mandated," not when merely "legally admissible." Weizsaecker replied that the Senat would do only that which is "legally mandated" either before or after September. He warned against "fiddling around with a motion late at night" with the possibly "odd result" that the Senat might profess a "very reasonable attitude" through the end of September but not after that time. Incidentally, nobody could relieve the executive from responsibility for its actions.

After the vote Vogel also noted his satisfaction with Weizsaecker's assurance that only that would be done which "was legally mandated." In a later statement Vogel explained that he understood Weizsaecker to mean that "the mere legal admissibility of removal will no longer be considered sufficient." "Hope for consolidation and de-escalation" was therefore more justified. He warned, though, that it was imperative "carefully" to handle this "beginning of the restoration of communal peace."

Referred to the Committees

After given them a first reading the assembly referred to the appropriate subcommittees two legislative amendments submitted by the FDP. The FDP proposes to amend the environmental control legislation so that not only directly affected citizens but associations also may go to court by way of class actions to challenge specific administrative actions. They also propose to amend the district administration legislation so as to reduce district council membership from seven to six and enable political coalitions to be established in the district councils.

Elected to the Broadcasting Council

CDU deputies Landowsky and Gabriele Wiechatzek were proposed by their fraction and elected to the broadcasting council, the AL deputies dissenting. This by-election during the current 2-year period of office of the broadcasting council was made necessary because Interior Senator Lummer and Senat Director Bock (both CDU) were compelled to resign after their appointment to the Senat.

11698

CSO: 3103/389

PCF: SUPPORT GOVERNMENT BUT UPHOLD IDEALS, GAIN INFLUENCE

Paris LE MATIN in French 11 Jun 81 pp 2-4

[Interview with Charles Fiterman, PCF Central Committee Secretary, by Didier Buffin, Guy Claisse and Jean-Francois Doumic; date and place not given]

[Excerpts] For the first time since the left's defeat in the 1978 parliamentary elections, a communist official has granted LE MATIN an interview. By ending this long silence with our newspaper, Charles Fiterman--secretary of the Central Committee, usually described as the number two man in the PCF--definitely wants to submit new evidence of his party's willingness to participate in the presidential majority's plan of government action.

The communist leader said that the joint declaration signed with the socialists constitutes a "political agreement." He believes that respect for each party's identity will not keep them from governing together.

This willingness of the PCF, again affirmed forcefully, to participate in the new government raises two questions. How? For how long? As one condition in particular, we know that Pierre Mauroy has said that the communists must pledge their long-term commitment. Charles Fiterman has replied that his party's choice is not "tactical" but "strategic," that it is not limited to "a few weeks." And to the question, "Are you ready to sign a legislative agreement?" i.e., a 5-year commitment, he replied: "Why not?" Moreover, as to the number of communist ministers, Charles Fiterman believes that his party should hold a government position in keeping with its voter representation. Finally, on the issue of government solidarity, he said that it is "necessary" among members of the same government.

The turn taken by the PCF since 26 April, which communist leaders equate with a continuation of the policy defined by the 22nd and 23rd congresses, is clearly based on a new fact: the predominance of the PS in the French left. This is a fact which Charles Fiterman took into account when he noted: "French men and women have made their choice."

LE MATIN: You have described the joint Communist Party-Socialist Party declaration as a political agreement, whereas Pierre Mauroy has spoken of an electoral agreement. Therefore, let's try to clear this up: is it really possible to speak of a political agreement when significant disagreements have been noted, concerning foreign policy in particular?

Charles Fiterman: I believe that it is a political agreement, because it stipulated not only withdrawal in the second round, something which is not insignificant, but also included taking positions of an obvious political content and a positive content. In fact, I think that in that declaration we, the Communist Party and the Socialist Party, stated that we were anxious to satisfy the country's hopes that arose from the presidential election. And we are doing so together. That is a political fact.

Subsequently, of course, we noted the existence of disagreements, which is not surprising. But at the same time, we also noted that our views converged on many other issues. Noting these convergent views in a joint text at the present time would be an important political act.

LE MATIN: Can existing disagreements be resolved quickly, in coming weeks? I am thinking in particular of issues such as Afghanistan, the SS 20 missiles Do you still believe in Soviet nonintervention in Poland?

Charles Fiterman: In reply to that question, we are following developments closely. The press has noted various reports and you can understand that before making any judgments, we want to have all the necessary information. Nevertheless, I want to recall two things: the first is that we still believe, as we have said, that it is up to the Poles and to them alone to settle their problems. This is a basic principle of our position and one which we do not intend to change.

The second thing is that we also still believe, without trying to meddle in Polish affairs, that Poland is faced with developmental problems which call for important reforms, changes and measures that concern not just one area but the economy, the administration of society and socialist democracy as well. There are needs that have developed in Poland and which must be satisfied. It is also on the basis of that belief that we welcome the process that began in Poland a year ago. These are judgments which we made as early as last year and we have no reason to change them.

LE MATIN: And what about Afghanistan and the SS 20 missiles?

Charles Fiterman: We have discussed them with our socialist comrades. It was an important part of the exchange of view which took place.

But before getting around to that, I would like to make one comment: we consider it good that the joint declaration has noted that we are different parties, each with its own originality and personality. This difference must first be viewed as a fact and then as a positive factor which is not an obstacle to cooperation. We think that it is entirely possible for both parties to hold different views on certain past events.

LE MATIN: That doesn't make it impossible to govern together?

Charles Fiterman: That doesn't make it impossible to govern together because it is not a question of reaching an ideological agreement between our two parties. It is a matter of reaching an exact agreement on the response which the French Government can and must make to the events, the way in which the government will deal with domestic and international issues. We believe that it is entirely possible

that, while holding or maintaining divergent views on certain issues, which you have mentioned--and we could also talk about nationalizations--we will seek and find a joint approach. I say approach because it is impossible to foresee every event in advance.

LE MATIN: We have the impression that it is less a question of divergent views than opposite positions and it is hard to see how a reconciliation would be possible

Charles Fiterman: Let's examine the issue of medium-range missiles. Roughly speaking, there is a divergence of opinion about determining whether or not there is a balance of forces in Europe. The question is: what can we do? In reading Francois Mitterrand's book "Ici et Maintenant" [Here and Now], I noted that he feels that the deployment of SS 20 rockets would cause an imbalance. But on the other hand, if Pershing and Cruise missiles are deployed, there will be an imbalance to the Soviet Union's disadvantage. That means that we are engaged in an endless race, the arms race.

What is the outcome of such a situation? Francois Mitterrand himself mentioned one solution, unconditional negotiation. In short: in negotiations which include all of the countries involved, everything is laid out on the table, all of the weapons involved, and the situation is examined. At the present time, there are no longer any secrets in that connection. We therefore should put everything on the table and try to come to an agreement concerning a joint assessment of the balance of power and strive to achieve it, not only with the goal of stopping the arms race, but in particular moving toward a balance at a lower level.

For we agree on the notion that there must be a balance. This is a factor in the stable organization of international relations. A process of disarmament is conceivable only with respect for the present balance of forces and each country's security. Consequently, even with those different factors, we think that it is entirely possible to work and make progress together.

LE MATIN: The PS-PSU-MRG [Leftist Radical Movement] agreement states: "Neither Pershing nor SS 20 missiles." Are you ready to endorse that formula?

Charles Fiterman: I am wary of formulas--they have sometimes cost us a lot in the past. I believe that it is necessary to negotiate and to find a joint approach and then deal with the problems responsibly and seriously. I'd like to add an important political factor which, for example, concerns the issue of nationalizations. We have endorsed ideas and solutions to get the country out of its crisis, because we considered them just and still consider them just. We waged a political fight, which is normal. Then French men and women made their choice. They voted. They made a decision. We are democrats and we included respect for such a choice in our strategic approach with our 22nd and 23rd congresses. That is an integral part of the democratic path to socialism, which we advocate. It is on that basis that we must act and that we must now work.

LE MATIN: By that, do you mean that the first-round results of the presidential election constitute a kind of repudiation of your positions?

Charles Fiterman: No. By that, I mean that we found ourselves faced with a vote, in both the first and second rounds, which expressed the will of the French today.

We have always said that in our fight, in our determination to advance toward French-style socialism, the rate of that progress, the length and the nature of the stages required, all of that must be determined by the French themselves and not arbitrarily. The situation has been created, a door has been opened for moving toward change. We have to move forward and we are ready to do so. With regard to nationalizations, we maintain our position. There are disagreements. Nevertheless, Francois Mitterrand has submitted proposals. They exist. Let's get down to work and then life will take care of the rest.

LE MATIN: Isn't the ratio of forces resulting from the election such that it is you who must adapt to socialist proposals, rather than them adapting to yours?

Charles Fiterman: I wouldn't say that. We are communists and we have a doctrine, principles and basic positions. We will stick to them. The socialists will stick to theirs. All of that is normal. And there is no reason to ask either to abandon their motivation, their reason for being. That would weaken and cripple the union, it would weaken popular support for the new government, in which each party must find its own way. Unity must be achieved through respect for diversity and pluralism. The real issue is finding out whether there are enough convergent views between us, socialists and communists, for us to be able to work together and to satisfy the country's expectations together.

We have made a serious analysis of the proposals submitted by Francois Mitterrand, both in the case of his 110 proposals of Creteil and during the presidential campaign. We have analyzed all of those proposals and the proposals which we have formulated. And we have noted more than 100 convergent views on such proposals, unequal in importance, but which concern both social and economic areas as well as the country's democratic process and foreign policy. These convergent views are in keeping with the policy proposed by Francois Mitterrand and none of them contradicts the positions which we ourselves have endorsed.

Thus there are possibilities for joint government action. It is true, however, that there are still disagreements. But we believe that our convergent views are important enough and have sufficient priority, considering peoples' expectations, for providing a basis for committing ourselves and working together.

LE MATIN: But you would no doubt like a broader agreement?

Charles Fiterman: We were actually ready to conclude a government agreement immediately. We said so and I reiterate, we are ready to accept our responsibilities within the new majority of the union of the left and within the government. A government that includes the entire left. For us, that is a clear, settled issue. And naturally, we intend to enter the government in accordance with a joint approach, with respect for the solidarity that is necessary when we are together in the government, and to express, so that it may be taken into account, our own feelings, what makes us communists with our own ideas, concerns and approaches.

That is what the left needs in general. And not for everyone to automatically say the same thing all the time. This is also a firmly established idea in our case, and one that is based on experience, especially in a country like our own: it is not good for a single party to be in complete control, to alone comprise a majority

or a government. That has been tried. And that is not in keeping with French reality.

LE MATIN: That is what Chirac said

Charles Fiterman: But he didn't say that before! His position is purely tactical. But to get back to your question, that is our approach. It is a totally defined and totally clear approach that we will not alter. Nevertheless, we have held talks with the Socialist Party and the result of those discussions is the joint declaration, the agreement that has been made and which provides for another meeting following the parliamentary elections. I believe that that meeting can only be concerned with the government. And I think that the issue of communist ministers will then be resolved. I am entirely in accord with that prospect. Quite simply because it is necessary for all forces which have contributed to Francois Mitterrand's victory, and which will make victory possible in the parliamentary elections, to be included in the government. This is not only a democratic requirement, it is the best guarantee for effectiveness.

LE MATIN: The joint PS-PCF declaration speaks of a "well-knit, lasting majority." Does that mean that you have pledged to support the government regardless of what happens? Is this the beginning of a parliamentary agreement?

Charles Fiterman: When we went into the parliamentary elections together, we found ourselves together again, having noted the existence of many significant convergent views on the whole. I believe that we will reach a meeting of the minds to achieve the policy which the country expects and for which it voted. It is obvious that for us it is not a tactical, casual approach for a few weeks.

LE MATIN: Would you commit yourself for 5 years?

Charles Fiterman: Why not? We share the view that this majority and the government based on it will achieve the entire policy which has been proposed and which corresponds to what the country needs.

This is a strategic approach that is in keeping with our 22nd and 23rd congresses: to recommend reforms, changes and solutions, to fight under our banner to convince people and obtain their support. And on the basis of the workers' struggle and universal suffrage, to work for progress and for democratic advancement, in the sense of the reforms and changes needed. That is the democratic process which we recommend.

Thus we do not assume that we would be waiting for Francois Mitterrand from afar, absolutely not. Our strategy is not one of defeat. We are too aware of the fact that there are great hopes in this country, that there are expectations, and that to disappoint such hopes would be a serious blow to the left, to all forces of the people.

In my own case, I remember 1958, after 1956, when the left held a majority in the National Assembly. I'm not making an automatic comparison, since conditions are different, but the result was certainly disappointment and a setback. Consequently, everything must be done to satisfy the country's expectations. We want to assume

our proper place in making progress, to move ahead as far as possible. And we want to go as far as possible, to socialism, a "French-style" socialism.

LE MATIN: The socialists want guarantees. Are you ready to give them any?

Charles Fiterman: I don't see what could be involved. We have no proof to give except our policy, the one that was established by our congresses, and our actions. We campaigned in favor of our candidate in the first round, which was normal, since it is the right and duty of any political party to submit its own candidate and to support his ideas. Nevertheless, based on the results of the first round of voting, we took a clear position. We withdrew totally, unambiguously and unconditionally. There was a choice to make, either Giscard d'Estaing or Francois Mitterrand. We made the choice that we had to make. Since 10 May, we have clearly defined our position in the new situation and we support the change to be made, while willingly taking up our own place without any ambiguity. During negotiations, we reaffirmed that approach and are preparing for the parliamentary elections on that basis and in that spirit. Matters could not be clearer.

LE MATIN: Georges Marchais said at Parc des Princes that his presidential campaign had not been "without flaws" and that the party would learn "all the lessons of that experience." Are you going to organize an internal debate? Can we expect a special congress to be held before the regular congress scheduled for 1982?

Charles Fiterman: Internal debates take place all the time within the party. We talk things over together. And with a period of activity as intense and complex as the one which we have just gone through, which we are still going through, what could be more normal for communists to reflect on their actions and to discuss them. In my opinion, and without intending to make a premature decision, such reflection could not and will not challenge the policy and strategy defined by our 22nd and 23rd congresses. On the contrary, it should confirm them and create conditions not only for their continuation but for their implementation under new circumstances.

However, we must look back on that period to learn any lessons from it, of course, and to analyze, criticize and provide ourselves with the means necessary to advance. I would point out that the 23rd congress of 1979 made an analysis of the preceding period and drew conclusions which we took into account in formulating our actions.

But there have since been several meetings of Central Committees and meetings of our National Council. We have adopted some measures and continued our analysis. We also held a Central Committee meeting, between the two rounds of voting, which made general assessments.

For the time being, we are not in a period in which we can devote all our time to such analysis, but that time will come in a normal way. There are bylaws and proceedings which must be realigned. They will be realigned.

LE MATIN: Then there won't be a special congress?

Charles Fiterman: That is something that we haven't even discussed.

11915

CSO: 3100/883

PS POLICIES DISSATISFY BRETONS; MORE ACTIVISM EXPECTED

Paris LE MONDE in French 24 Jul 81 p 16

[Article by Marie-Christine Robert]

[Text] Brest--Announcement of a broader amnesty than the one decided on by the first socialist administration was welcomed with relief in Brittany. But skepticism has succeeded the strong hope expressed by regionalist parties and movements following 10 May: the first statements, both by the President of the Republic and by the Prime Minister, and the decisions announced regarding regionalization and the Breton language, are felt to be more restrictive than the promises made by Socialist candidates. A resistance is perceptible within the parties and movements forming what they have agreed to call EMSAV.*

As opposed to the Corsicans, who present a strong political front to Paris, the reaction of the Breton autonomists to what they call "French Jacobinism" is more varied and diffuse. In addition to the Breton Democratic Union [UDB], an autonomous and socialist party which is well established and has elected officials, and the Brittany Liberation Front [FLB], a secret society which has been decimated by arrests and which leans in at least three directions, there are cultural organizations which claim to be autonomous and a multitude of very structured movements for the return of the Atlantic-Loire region to Brittany, for the defense of the Breton language, etc.

For one of the characteristics of the Breton movement is its divisiveness: the UDB, a young party (established in 1964), is linked to the "French" Left. It has their mode of thought and their methods. The FLB has few militants, but it cannot be overlooked in a political analysis because it corresponds to a "perpetual" and specific type of Breton reaction. Before the war, for example, the Gwern militants at Du (black and white are the colors of the Breton flag) used the same methods. The associations operate with no real link among them. The movements appear and disappear depending on their quarrels. The "deep-seated" friendship which unites these men whose diverse political pasts range from the Left to the former Breiz Atao (Brittany forever) who collaborated during the war, does not

*EMSAV: this term covers the group of movements and parties who have fought and who are fighting for Brittany's rights.

prevent the separations of various movements in Brittany from being added to the traditional national schisms of the political world which EMSAV could not escape.

Each of these movements was expecting the arrival of an adjudged "decentralizing" socialism to be a great event. The UDB, linked to the Socialist Party to the point of having profited from the Leftist union to get some of its militants elected to municipal councils, seems to have forgotten its claims of autonomy in favor of socialism alone. Those who sympathize with the political prisoners, assembled as a committee for amnesty, recall that the elected officials from Breton came to testify at the FLB trial and that the Socialist Party favored dissolution of the Cour de Surete. The cultural associations are reminded that Mr Le Pensec, minister of the sea, introduced a bill favoring regional languages.

In addition, it must be mentioned that the Socialist Party, in timely fashion, was linked through some of its members to "struggles" which are dear to the Bretons: Jean Peuziat, new deputy of Finistere, for example, was one of those who spearheaded the antinuclear effort at Plogoff. The Socialist assistant to the mayor of Brest has devoted his life to the defense of the Breton language. The autonomists were therefore ready to play the Socialist card: lists of demands sent to Paris by movements as dissimilar as the BDU and the BLF, for example, were similar in all respects: election of regional councils by universal suffrage, return of the Atlantic-Loire region to Brittany, elimination of prefects, recognition of the Breton culture, etc.

Disappointment was swift and great.

Although the proposal to eliminate the Cour de Surete was welcomed with enthusiasm, the vicissitudes of the amnesty legislation had the effect of a cold shower. The decision to delay revision of regional districting was disappointing, as were the first statements concerning decentralization.

Political Regrouping

The Socialist's rise to power and the "disappointments" of these past weeks are provoking, or will inevitably provoke, a series of regroupings which are taking form at present. Although the Breton movement seems determined to be diplomatic with Paris and to "await events," its members cannot avoid commenting, as a BDU militant remarked, that "the methods used by others showed what they were worth when the demands were not recognized." A toughening of regionalistic demands now seems probable.

The UDB is the first to be affected by this development: "For several years," acknowledges Mr Fanch Morvanou, head of the Brest federation, "we have given top priority to the struggle against the former administration's policy. We were linked to the French Left. If we want to survive, we must now develop and implement a doctrine of autonomy. But the administration's first statements and first decisions are far short of our demands."

The UDB demands "recognition of 'typical regions,' as in Italy, for example, control of regional affairs."

The sudden diplomacy of the FLB and its sympathizers is based on the phenomenon of political support (support of Breton elected officials during the trials, votes at municipal councils asking for amnesty, etc.) and, particularly, on this fact: "The Breton Socialists have always asserted that they understand us, even if they condemn our methods. Now they are in power; now it seems that they are not backed when they speak of regionalistic demands. We are not going to wait for them to come to an agreement in order to assert our positions." "One thing is certain," states Denis Riou, released from prison after 10 May, "we want to fight openly now, but this will not prevent us from seeking, indeed creating, a Breton party."

The regionalistic political layout only includes these two movements. Their size, by measure of the autonomist electorate (a little more than 2 percent at the last check) and the recognition of a special code for certain regions, will require political revisions and doctrinal changes.

But, can the members of the movement present a solid front to Paris? If the UDB is brought to modify its strategy; the former members of the FLB, autonomous and independent socialists, are ill at ease in a party whose methods and doctrine do not always suit them. All the more since the UDB's condemnations of them which they have not forgotten. Will the Breton Socialist Party which, although attached to its "mother group", has always developed a specific autonomist philosophy, be able to ally itself with the Breton movements when attempts at union with the UDB, during parliamentary elections, still have not been conclusive?

The decision to establish a specific code for Corsica has already toughened the tone of the Breton movements. How far will this resistance go?

9693

CSO: 3100/878

KKE-INTERIOR BIDS FOR MORE DEPUTIES

Athens ELEUTHEROTYPIA in Greek 21 Jul 81 p 13

[Text] "A strong KKE-Int. in the new Chamber of Deputies is a guarantee for a steady course toward the change." This was the message of the party's central committee to the Left. The central committee met in the last few days and dealt with the political developments and the preparation of KKE-Int. for the election. The text of the message is as follows:

"1. The country is entering the homestretch toward the election. No citizen can ignore or underestimate the significance of this confrontation. The working people in the towns and in the villages have the opportunity with their struggle and finally by their vote to condemn the right-wing line and the Right which for years now has governed this land and to open the way toward change in the direction of socialism.

"2. The Right will wage its fight to the finish to stay in office, to protect the established interests. The turn to the Right, the effort to join forces with the extreme Right, the public handouts in the preelection months, the Atlantic [Alliance] connections, the invocation of the Left specter--all these are being used actively to buy or to snare the vote of the simple people. The answer to this campaign is not PASOK's assurances that 'tomorrow we will be the government,' nor the call of the dogmatic KKE '17 percent--second distribution [of votes],' since both of them lead to disorientation.

"The answer is: Relentless struggle to win for change the last vote of a working person who last time voted for the Right; a mobilization to bring our message for change, socialism with democracy and freedom to all the workers, all the working people in this country.

"3. The change desired by Greece cannot be served by a mere change in personalities or by a more honest and effective administration of the common affairs. The change needed by this country calls for a clash with the major foreign and local interests which hinder the takeoff of our national life. This means a radically different policy. A policy whereby the absolute national responsibility will replace the dependence on foreign policy; care for the interests of the place will replace the interests of the capital; the decisions by the few will be replaced by an open dialogue and the participation of the working people in the decision-making bodies where the individual initiative will operate within the framework of a general democratic planning based on the necessary expansion and

the radical reorganization of the public sector under the most active intervention of the working people.

"The basic goals and conditions for such a change should be: a) the democratization of the state and the institutions of the armed forces and the administration, the complete democratization of labor and especially of labor union legislation.

"b. The nationalization of certain monopolistic enterprises and the creation of state industries in crucial sectors to limit the operational field of monopolistic capital and to strengthen the possibilities of democratic planning guided not by the interests of the oligarchy but by the interests of all the people, the betterment of the quality of life and the substantial redistribution of the national income in favor of the working people.

Target: The Abolition of Bases

"c. The steady and clear connection of all immediate measures for strengthening the country's independence with the main target of the abolition of the American bases and withdrawal from NATO. The defense of the principle of nonintervention in the internal affairs of other countries whatever the source of such intervention. And the autonomous position of our country on the international questions, on the problems of the struggle for peace, independent of the positions taken by the two rival military alliances.

"Our party attaches special significance to these goals because their realization depends on whether a new democratic government will deal victoriously with the power centers of the rightist state.

"The course of the change will depend on the outcome of this clash with the present machinery of controlling the economy and political life. This outcome cannot be victorious unless it is based on the enthusiasm, the constant mobilization of the people, and on corresponding social and political structures, and on all the political and social forces which thirst for change.

"4. The PASOK theory which rules out cooperation with other forces has in it the seeds of exceptionally harmful developments. The thesis against cooperation with other forces of the Left is a clear concession to the pressures from the Right and the existing power centers. The opposite course should have been followed: explaining the national and democratic need for cooperation and identifying to the people the conditions for such cooperation so they could judge the attitude of each party. This practice was tried in France and produced results which were greeted as a turn in Europe's course.

"For KKE-Interior, the cooperation of the forces of change--a broad, fighting coalescence of social and political forces--is a precondition for the realization of the change. In the next election, the working people will affect with their votes the developments inside the communist movement in Greece.

"In the 1977 elections 10 percent of our people voted for the dogmatic KKE. In spite of its organizational and other possibilities of this party, the workers' movement was politically put into a corner unable to affect the political developments. The policy of obedience to foreign centers; the dogmatism; the stagnation

and immobility in theory; the trampling on intra-party democracy and on the party's democratic relations with the people; the rejection of the autonomy of workers' syndicalism and the other mass movements; the militarist practice and the narrow-minded fanaticism; the contempt toward the blood-conquered democratic liberties it considers bourgeois; and the refusal to accept socialism with democracy and freedom--[all these] transform the communist movement to the extent it is affected by dogmatism, into a mere heresy in our national life.

A Creative Presence in the Chamber of Deputies

"In the election the workers, the working people, have the opportunity to strengthen KKE-Int., the current of the communist movement in our country, which fights for change and socialism through a democratic system, through a very broad fighting alliance of social and political forces. They have the opportunity to strengthen its presence in the Chamber of Deputies and among the people. The deputies of KKE-Int. with their creative presence will bring back to the Chamber of Deputies the voice of the working people, their own proposals, and will fight to strengthen change and to move in the direction of socialism.

"A vote for KKE-Int. is a vote against the rightist line, against the Right. A vote so that the change will be based first and above all on the mass popular movement. A vote for the widest coalescence of the forces of change for an open, honest dialogue among them and mutual control; it is a vote against dogmatism and the bureaucratic distortion of the communist movement in its ranks, for a new unity on the basis of the principles of renewal so that the workers' movement will be reassembled to become again the leading force in the struggle for change and socialism, a force, that is, capable of contributing to the coalescence of all the forces that march in this direction and above all of the communists and socialists.

"5. The KKE-Int. Central Committee calls on the pioneering workers, on the most enlightened forces of labor and the intelligentsia to take up in their hands the electoral campaign for the victory of the policies and the ticket of KKE-Interior.

"The central committee of KKE-Int. calls especially on the party organizations and on the Rigas [Youth Organizations] to multiply their efforts to fight back effectively the bourgeois, speculative theory of the lost vote, to bring the KKE-Int. message for change, socialism, communist renewal, to every house in every village, in every town; and to organize steadfastly in this direction the action program for the 3 or 4 months remaining [until the election], asking without hesitation for struggle and sacrifices from the members, the followers, the friends of KKE-Interior and from the people themselves.

"The central committee calls on all the forces of the communist renewal, the old resistance fighters, the political refugees, the EDA members, the Lambrakis followers, the unorganized communists and leftists to take part in the struggle for the victory of KKE-Int. They are entitled to have their views and their disagreements. But this rampart is theirs, too. The victory of KKE-Int. will signal a victory of all the forces of renewal and a move forward for their coalescence, for their cooperation in all fields.

"Up to this time, the party's mass activity and contact with the people in open and closed meetings shows that the policy of KKE-Int. finds response among the wider area of the Left.

"But we should not let ourselves become overconfident. The struggle up to the time of the election for democratic conditions and for the elections themselves will be difficult. The KKE-Interior Central Committee calls on all communists and leftists to wage this battle with the passion of true revolutionaries: winning by their pioneering actions and pioneering ideas, the soul and the brain of the working class and of the working people."

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CSO: 4621/55

KKE-EXTERIOR SEEKS 17 PERCENT OF VOTES

Athens RIZOSPASTIS in Greek 17 Jul 81 p 3

[Article by Giannis Kharatsidis: "The Uniqueness of 17% for Ousting New Democracy"]

[Text] In his article in the afternoon newspaper "E" of 29 May 1981, PASOK Athens Deputy K. N. said that "the only precondition for change is the capture of power."

Naturally the capturing of government power is the first in a series of changes contested in all elections. What the people want in addition is a new progressive policy by a new progressive government--a policy which, at last, will restore our national independence by banishing the foreigners as suzerains and removing their bases; which will abolish the anti-democratic laws and discriminations now in force; will limit the excessive profits of the monopolies and will develop the economy to the benefit of the working people; will institute the [simple] proportional system, etc. If [such policy] does not aim at achieving these things then the people's enthusiasm will cease, the Right will shout at the top of its lungs that the promises given were false, that only the gravy but not the meal changed and that the only solution is its return to power again. The masses will feel that they were betrayed once more, that this time again they voted for a usual bourgeois party and that the known struggle for life and its problems will continue.

On the other hand, if a change is to come, such a change must not have as its only prerequisite the capture of government power, but should have many other prerequisites. First of all, it should be continually based on the massive, organized popular struggle because on the very day after the elections the new government, provided it is indeed new, will be facing an active, overt or covert, opponent: the alliance of those forces and strong mechanisms at whose expense the new and popular element of power will function.

If we look around us, at the opposite shores of the Adriatic and the Aegean, we will understand the reason. In the event the forces for change win, and to the extent such change is substantive, the foreigners and those domestic forces which are tightly connected with the economy, the budget, [the government] machinery, etc., will rally more actively at the side of the anti-change forces. More actively because any evidence of sluggishness during the preelection period may be due to its anticipation for a defeat of the forces of change. In the post-election period, however, these [anti-change] forces will reorganise and will act

opportune for the [government of] change to fail so that the people may ask for the return of the Right just as happened in Chile, Jamaica, etc. There will always be eager "nation rescuers" to take over the reigns. Therefore, it will be necessary for all nonparliamentary parameters of democracy and change, for all the working people, for all democratic people, and all those who do not want the return of the Right to assist the new government [of change]. And as long as the people see that the change is indeed being realized there will be no difficulty for such help in coming. Therefore, the change's mainstay cannot be limited only to the government, its party, deputies and voters but should include all parties and organizations united around the continually implemented goals of change.

But under the extant extortionist law of the reinforced proportional [electoral system], is it easy to achieve an absolute majority with only "a singular pre-requisite" for change and therefore to achieve an independent government as the writer of the article wants?

For argument's sake, let us say that the goal is for a marginal majority of 151 [parliamentary] seats and that the same parties, ND and PASOK, will participate in the second distribution [of votes]. Also, that all other parties will receive, let us say, 27 percent of the votes and gain 27 seats in the first distribution thus leaving 273 seats for the two main parties. What percentage of votes should PASOK receive in order to gain 151 seats? A simple arithmetical calculation shows that 73 percent of the votes (100%-27%) will give 273 seats (300-27). What percentage of votes is needed to gain 151 seats? Multiplying 151 by 73 and dividing the product by 273 we find 40.5 percent. This is the percentage PASOK needs for a marginal majority under the preconditions we mentioned. ND will receive the remaining 32.5 percent. The difference between the two parties will be 8 percent in percentages and 29 in seats since ND will gain the remaining 122 seats. Therefore, the possible picture of the election results will be as follows:

	% of Votes	No. of Seats
First Party	40.5	151
Second Party	32.5	122
Other Parties	27.0	27
Total	100.0	300

But such result is not easily attainable. PASOK which in the 1977 elections received a large percentage of votes needs 16 percent more to increase its strength (the Left in France received about 10 percent in the 14 June 1981 elections because the percentages of its parties were already high in previous elections). Nor will other parties besides ND and PASOK receive 27 percent of the vote since, moreover, it appears that ND was allied with the National Array and the New Liberals (both of which received 400,000 votes in the 1977 elections). Therefore, it is not possible that the vote percentage the Right under Rallis will receive will drop to such an extent even though we all wish it.

In contrast: A small increase of the KKE and PASOK votes by 7 percent and 10 percent respectively (targets achievable if the voters for change vote wisely) will result not simply in a marginal and shaky majority--a majority vulnerable to desertions to other parties--but a comfortable majority and a broader victory against the Right. Because with a 7 percent increase KKE will receive 17 percent of the votes and will thus gain the seats it is entitled to since it will participate in the second distribution.

On the other hand, PASOK with 35 percent (25 plus 10 percent) will receive all the seats proportionate to this percentage with the result that in no case will ND be able to receive a majority since all remaining seats [for distribution] will be fewer than the number it needs for such majority.

In the 1977 elections ND received 41.85 percent of the votes and gained 173 seats because KKE did not participate in the second distribution since it failed to receive 17 percent of the total votes. In the coming elections a percentage of 17 percent will have such a catalytic effect on ND that even if it receives 43 percent it will be unable to resume power. It will do so only if PASOK receives an unbelievably low percentage, say 30 percent. Let us assume that the small parties receive 10 percent of the votes and 10 seats. Since these parties will leave a remainder of votes from the first distribution which they cannot use but which will be distributed between the two large parties participating in the second distribution, then we shall have the following picture for the remaining 90 percent of the votes and the 90 seats:

For KKE: $290 \text{ [seats]} \div 90 \text{ [percent, } 100 - 10 = 90]$ multiplied by 17 percent equals 54.74 seats.

For ND: $290 \div 90 \text{ percent multiplied by } 43 \text{ percent equals } 138.60 \text{ seats.}$

For PASOK: $290 \div 90 \text{ times } 30 \text{ percent equals } 96.66 \text{ seats.}$

The 10 percent votes and the 10 seats for the small parties bring the total percentage to 100 percent and the total seats to 300. Therefore, under the above assumption and despite receiving only 30 percent, PASOK will have, together with KKE, a majority of 151.40 seats.

In order to better prove the importance of the 17 percent in ousting the Right from power, let us assume that ND receives 5 percent fewer votes and that PASOK receives 5 percent more. Assuming also that the small parties and PASOK retain their 10 percent and 17 percent respectively, the emerging picture is as follows:

For KKE: $290 \text{ [seats]} \div 90 \text{ [percent]} \text{ times } 17 \text{ percent equals } 54.74 \text{ seats.}$

For PASOK: $290 \div 90 \text{ times } 35 \text{ percent equals } 112.70 \text{ seats.}$

For ND: $290 \div 90 \text{ times } 38 \text{ [43-5]} \text{ percent equals } 122.56 \text{ seats.}$

Therefore, together PASOK and KKE will have 167.45 seats thanks to the 17 percent. If we reverse the above percentages for ND and PASOK, then naturally the number of their seats will also be reversed. In other words, with 38 percent (Mitterand's Socialist Party in France received 37.51 percent of the votes in the presidential elections of 14 June 1981) PASOK will receive 122.56 seats and ND 112.70 seats. Therefore, together KKE and PASOK will have 177.30 seats (54.74 plus 122.56 equals 177.30 seats). This means that for the Right to be ousted and for the new government to have a broad, solid majority, the voters of all democratic parties should support the KKE ticket in the next elections.

The government which will be formed with such majority or which will rely on such majority provided it opens the door to change will undoubtedly find support also in the whole area of democratic opposition, whether great or small. Therefore, the key to ousting the Right and establishing change lies in KKE's getting 17 percent of the votes in order to participate in the second distribution. Every vote given to KKE will assure a majority and the formation of a viable democratic government of change. Seventeen percent for KKE means also that any new government will put out of use the extortionist fraudulence of the reinforced proportional and will institute the simple proportional system so that Greece may cease to be governed by contriving, ballot falsifying majorities.

By emerging from the elections considerably strengthened, KKE bars the Right from remaining in power. Since in the 1977 elections KKE had received in many districts nearly the number of votes needed for a seat, then each vote for KKE counts as double against the Right. To achieve the target of removing the Right from power it is necessary for KKE to receive that one vote also in order to reach the 17 percent of the total votes and such vote must be cast everywhere whether a nome has a chance of electing a deputy or not. In the coming elections and under the extant system no vote for KKE is wasted since the aim is to receive 17 percent throughout Greece as a necessary precondition for change.

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PASOK PLATFORM ON EDUCATION CRITICIZED

Athens I VRADYNI in Greek 20 Jul 81 pp 1, 14

[Text] Deep, leveling changes in education are formally projected by PASOK in the third part of its platform made public yesterday. By reading the platform section on education, one can deduce effortlessly and objectively that if PASOK comes to power, the entire educational system of our country will be torn to pieces.

This will be done in two ways: first, with the socialist transformation of education and second with the "revolutionary" changes in the educational system.

Socialist Change

The principle of socialist change in education is based on that part of the PASOK platform which states that "the basic educational options are directly related to the national, social, economic and cultural options of the government. They are in effect basic political options." Since PASOK's political, social and economic options are socialist-Marxist, its educational options will also be socialist-Marxist.

In another point in the platform we read: "Our primary goal is to change the values in the content and the direction of education and studies." On this point experienced cadres of the educational profession commented yesterday: Since the values are either liberal-democratic such as those prevailing today or totalitarian (fascist or socialist) PASOK clearly implies its adoption of totalitarian social-Marxist values.

Local Self-Government, Too!

On the basis of this change in values, PASOK will prepare the imposition of its control on the universities and the student affairs as it is clearly shown by the point of the platform which claims that "the universities are surrendered to partisanship." Another point in the platform states that "the control over the realization of the educational policy will be entrusted to a national council composed of representatives from local self-government, workers' organizations, social and political entities and of course entities representing the educators and students."

This clearly shows--the same circles said--the extent of the upheaval to be created by the politization of education because certainly a leftist mayor or community

president [i.e., village mayor] or the spokesman of the [strongly pro-Left] construction workers will want to impose views which will not be acceptable to the great majority of parents.

Brainwashing

In the context of the effort to socialize education, PASOK will try to teach Greek history not as it has been taught for decades. "The historical knowledge will be given broadly and objectively, without prohibitions, without setting up a dominant ideology." This means that the history of the National Liberation Front and National People's Liberation Army may be taught in school.

Work Battalions Manned by Students

One of the most dangerous points of the PASOK platform, as far as the student youth is concerned, is the one implying the creation of "work battalions" with students for obligatory labor in certain types of work.

This is what the platform states: "One basic innovation is the simultaneous introduction at all educational levels of special study programs combined with corresponding social programs [administered] by the government or by local self-government (e.g., preventive medicine, environment, land use and development, etc.)."

"At the higher level of education"--the platform goes on--"it will be attempted to have students participate actively in the implementation of methods for the solution [of such problems]."

This means that medical students will actively participate in giving injections to inhabitants of mountainous areas or that others may participate in the opening and construction of roads, bridges, etc., on the model of obligatory work by the students of the eastern [socialist] countries during the summer months in work battalions!

Abolishing Private Schools

The platform also identifies as one of its immediate goals the abolition of private schools but without saying anything on what will replace them or on the fate of their students since public education is unable to absorb them for many years because, for one thing, there are not enough buildings.

The platform also announces the abolition of entrance examinations to lyceums and universities, a fact which will lower the educational level and will have further destructive consequences on the educational system.

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PASOK FAVORS REPATRIATION OF POLITICAL REFUGEES

Athens EXOEMISI in Greek 19 Jul 81 p 3

[Article by Gitsa Sisimou: "Drama of Political Refugees to End Soon"]

[Text] "All men are born free and equal in terms of dignity and rights. For this reason there can be no discrimination based on the political, legal or international regime of a man's country of origin, whether it is a country or independent territory or subject to any restriction of its sovereignty."

Yet, this basic principle of the Universal Declaration of Human Rights has been torn to pieces in Greece, as a concept and understanding, by the governments of the Right since they have denied those rights to the thousands of Greek political refugees. Thus, while article 15 of the UN Charter states that no one can be arbitrarily deprived of his citizenship, we see in the country where democracy was born the rightist state denying to thousands of citizens the right to return to their homes. This of course is the price paid by the entire country since the time of the civil war--that harsh period when thousands of our compatriots in order to avoid suppression, persecution and execution were forced to seek refuge in the socialist countries. Yet, the hospitality and safe life offered [by these countries] never led those political refugees to think of staying forever away from their motherland.

At the Chamber of Deputies

The question of the political refugees' repatriation has been repeatedly raised by all opposition parties in the Chamber of Deputies. They have submitted questions, interpellations and bills for the legal settlement of this issue. The clergy has accepted it. The mayors in their majority have asked for its solution. Professional and labor associations, mass organizations and movements have spoken in favor of repatriation. The Athens Bar Association, other legal associations, political personalities, military professional men, artists, intellectuals and many others favor repatriation. PASOK Deputy Dimitris Khondrokoukis, a retired general, told us in an interview, in part:

"The problem of the political refugees emerged after the end of the 1946-49 civil war. As in any conflict, in this too there was a victor and a vanquished. The defeated side left for the neighboring Balkan states and asked for political asylum. It is a fact that the neighboring countries received the refugees and gave them moral and material support. It is also true that the refugees and their

children followed a proper Greek attitude and retained the customs and the morals of our country, and for this reason they are praiseworthy. As chairman of the committee for the repatriation of refugees, I have visited several countries which are hosting refugees and I found out that all the refugees have a strong desire to return to their country. Since the change of government in 1974, approximately 25,000 have been repatriated, while 33,000 remain. In detail, the largest number (6,500) are in Czechoslovakia, approximately 5,500 in Tashkent [USSR] and 5,000 in Romania. It must be noted that there are many obstacles preventing repatriation. Each person must submit a separate application to the Foreign Ministry and the Ministry of Public Order which study each case separately. In this way, every police chief, every gendarme and the village National Defense Battalions [TEA] give information on the applicant for repatriation. This situation perpetuates hatred among the people, since those individuals were on opposite sides during the civil war.

"Although I, too, being an officer, was on the opposite camp," Deputy Khondrokoukis went on, "I believe now that we must forget the hatred and passions of that period and that all political refugees must return to their country."

Tragic Cases...

"It is true that the government's policy in dealing with the repatriation problems is unacceptable because there are tragic cases where the repatriation of the child is approved but the parents are barred from coming back, resulting in many problems. But beyond that, we have the problem of pensions which has not been solved and which is pending as an issue between Greece and the socialist countries. As chairman of the committee, I visited Premier Rallis who assured me that all refugees 70 years old and over and all handicapped will return without any formal requirements. But although 5 months have gone by nothing has happened. Moreover, the premier promised to increase the 1,000-drachma lump sum given each repatriated refugee once, but this, too, has remained an empty promise. PASOK has a clear position on the repatriation of political refugees and struggles in and out of the Chamber of Deputies to speed up their repatriation. Moreover, PASOK has set up a special committee headed by central committee member Khristos Markopoulos which deals with the question of refugees."

In February the seven PASOK Euro-deputies and three of their colleagues in the socialist group of the Euro-parliament submitted a draft resolution to condemn Greece for violating human rights. It must be noted at this point that in the debate held in the Chamber of Deputies on 14 April 1981, PASOK accused the government of deliberately opposing the mass repatriation to make the refugees feel that they are in an inferior position.

As PASOK parliamentary spokesman Giannis Alevras said, "The question of the political refugees is a national issue and a question of national unity and for this reason it must be solved soon. It must be solved together with the question of the social insurance rights, regardless of its recognition by the host countries."

Alekos Papageorgiou, chairman of the Panhellenic Union of Repatriated Greek Political Refugees [EEPP] also regards the position of the present government on the question of refugees bigoted and undemocratic. "Greece," he told us, "is the only country in Europe with a problem of political refugees and the only

country in the world that has kept the doors closed for 32 years. We call this a bigoted tactic because it leads unfortunately to the biological solution of the problem. The only proper solution in our view is to allow the free repatriation of all refugees. With regard to the problem of pensions which is certainly a serious problem, our position is that the pensions and the pension rights be transferred to those entitled in Greece. To do so, it is necessary to sign agreements between Greece and the [respective] socialist countries. The initiative must be taken on this by the Greek government. Now, the problems being faced by the repatriated refugees are many. The most important are: their moral and material rehabilitation, i.e., employment, housing, medical-pharmaceutical care, recognition of professional diplomas (degrees), return of property, transfer of pension and social security rights through the signing of agreements with the socialist countries. The Greek government has not given much help for the solution of those problems; moreover, it deliberately obstructs their solution. The only 'help' given is the 1,000-drachma payment given once to each refugee. To get this, a refugee needs to have an affidavit issued by the police (security) saying: 'He took refuge in a foreign country in 1949 as a result of the guerrilla war...'"

If It Continues

To our question of how he sees now the question of repatriation today, Papageorgiou replied:

"From the change of government in 1974 until the end of 1980, 22,000 political refugees were repatriated while more than 30,000 still remain abroad. We believe that if the same policy is to continue, another 10 to 12 years will be needed [for their return]. By then, a large number of political refugees will no longer be alive. The major question of concern to the refugees is the question of pensions. The Greek government constantly raises obstacles on this. For example, when a Soviet delegation came to Greece to solve the problem through an agreement, the Greek side raised this point: The transferring of all rights of the 15,000 [Greeks] who live there should include the approximately 400,000 Greeks from Pontos who have lived in the Soviet Union as Soviet citizens for hundreds of years."

Mitsos Papadimitris, attorney and chairman of the Central Committee for Greek Political Refugees [KEPPE], referring to the system of investigating each case separately as well as to the more general obstacles raised by the government on the repatriation of political refugees, said:

"The government continues to apply the system of case by case investigation which was followed during the junta years. This is unjust and unconstitutional because the refugees who left after the civil war lost their citizenship with 144 decrees and 22,260 cases of recall of citizenship. This means that the irregular governments of the Right applied the Nazi system of guilt by association. They removed the citizenship as a group even from newly born children or from people who had died. We ask that these measures be abolished as unconstitutional since they are in conflict with the 1975 constitution. It is obvious that the government cannot get rid of the complex of bigotry which prevailed during the years of anomaly. The apparatus of New Democracy opposes [a solution] and this is the main reason for the absence of a solution. They make promises but they don't do anything. A recent illustration: Minister Davakis who promised to find a solution in certain

cases but in the end failed to act. Another illustration of stronger opposition: Premier Rallis who stated recently in Stockholm that those who worked in security forces, in the army or attended spy schools in the socialist countries will not be allowed to return to Greece. This is unacceptable slander against the Greek refugees because none of them ever worked in a confidential service because as it is logical [to expect] such foreign [services] do not employ aliens. This is the absurd excuse chosen by G. Rallis to cover up his negative policy."

To a question regarding the problems facing the repatriated [refugees], Papadimitris replied: "For those who return there is no equal treatment. The civil service, the banks, the various agencies have their doors closed. For example, excellent scientists with many years' experience come back to their country and they work as porters just to make a living. With regard to their property, their farms, etc., they do not get them back because according to law 2356/53 they have been confiscated and in turn they have been given to others. As a matter of fact, there is a decision by the Council of State which has declared law 2356/53 unconstitutional; on the basis of this decision of the high court, a legislation favorable to the refugees should be applied.

"The children of refugees called to serve the country face problems, too. Instead of treating them like the other children of our people, they place them in a third category and send them to special units with the negative connotation that they belong to a second [sic] category of Greeks. A few years ago we obtained a decision signed by the then National Defense Deputy Minister Katsadimas who gave us the opportunity to buy off our military obligation. This was because the deputy minister agreed that when the [young refugees] come back here they are the main support for their families who have no income other than the 1,000-drachma lump sum. Unfortunately, even though the decision, issued in October 1978, was published in the 'Government Gazette' and therefore has the validity of law, it was revoked 1 month later by a secret circular issued by the General Staff. It is illegal to regard a circular of the General Staff as the valid rule instead of the decision of the minister which is actually valid. It is true that they have granted deferments until 13 December 1982, and we are trying to convince the government to give a logical solution to this problem.

"We believe that with a PASOK government this problem will be solved. Because as PASOK Chairman Andreas Papandreu and other leaders of the movement have repeatedly stated, these questions will be settled radically, decisively and quickly. We hope that this will be done because this is a problem which for 32 years has tortured not only the refugees but the entire Greek people. This is unprecedented in history.

"Thirty two years have passed since the end of the civil war and the Right denies citizenship to thousands of our compatriots. Beyond the crude violation of the elementary human rights, the Greek government, by acting illegally, violates: 1) the Rome Treaty of 1950, 2) article 1 of the Hague Convention on the right of citizenship and 3) article 27 of the constitution this government enacted!

"But beyond the violation of international conventions--conventions which are being respected by millions of people around the world--the Greek government ignores in a provocative manner the Panhellenic demand for the permanent solution of the

political refugee issue, with the result that their expatriation continues, and this is harsh mistreatment not only for them but also a source of anomaly and a sore point in the country's political life, and also the unequal treatment of Greek citizens, evident separation of the people into citizens of first and second-class.

"The political refugees, fighters of the National Resistance, carrying on the heroic traditions of our people, a precious part of the national body, blood from our blood, must come back freely, without conditions, without obstructions. This is a national issue, a popular command, a social necessity. Moreover, it is a decisive issue for strengthening political normalcy in this country."

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CSO: 4621/49

PREELECTORAL PROMISES, ACTIVITIES ANALYZED

Athens ANDI in Greek 17 Jul 81 pp 4-5

[Article by Antinor: "Goodbye to 'Mildness'"]

[Text] Well, the "mild climate"--which differentiated the premier from Averof and other ND hard-coreers--is dead and as a result "the dialogue between the government and the leader of the major opposition will henceforth be sharp" as the good pro-government press from AKROPOLIS and MESIMVRINI have already predicted.

This, moreover, was confirmed by Rallis himself when in an exclusive interview with AKROPOLIS he said: "In the coming elections the Greek people will be asked to choose between the bourgeois, multi-partisan democracy and a one-party, third-world oriented socialistic-Marxist state. Therefore, the Greek people who are devoted to a multi-partisan state, freedom and good living (the other solution is the mullahs of Iran and the regimes of peoples democracies...) will cast their vote not for PASOK or the two KKE's but for New Democracy which will thus score a crushing victory."

As concerns the slogan of "Change," it is not about to trap the electorate because the smart Greeks know that this time "they will not be choosing a party but a social regime." And if the social regime should happen to change, then change "will not last for a parliamentary 4-year period but forever..."

The Left and Dark Hell

But--some are wondering--what made the candid and gentlemanly Rallis resort to such low danger-mongering when even the children of Greece know that the change PASOK promises is a "well thought out" change without social shock waves since the recent PASOK "preparations" and "realignments" on some sensitive foreign policy issues--EEC, NATO, American bases--brought the major opposition party to positions which, however different from those of ND, can be acceptable even by the traditional followers of the party in power?

The answer to the question is not difficult. Only 3 weeks after the ND extraordinary congress, both Rallis and the party's staff cadres were in a position to assess that neither the congress "euphoria" nor the ascent of Averof to the office of the deputy premiership; nor the legalization of the dissidents or the elimination of the "odd and even" [registration numbers of cars in circulation]; nor the pre-electoral "pocket money" of 8 billion drachmas (distributed to the residents of about 4,400 mountainous settlements...) were able to avert the inevitability of

things--an inevitability which presages the fall of ND and specifies the rise of the forces of change... But exactly because the PASOK chairman is now able to use a common language with Helmut Schmidt and Philippe Conzales /of Spain/--by stating that he will not include communists in his government if his party comes to power--exactly because the new PASOK positions find appeal among yesterday's voters of the Right and are also "appreciated" by the Americans who assure that "if PASOK comes to power it would not, after all, be disaster" /exactly because of the above/ the ND leadership felt that the rhetoric about "mild climate" should somehow be ended and a new phrase should be introduced similar to that left behind by the most distinguished public order ministers of the civil war: The Right personifies the nation and democracy while the Left--any Left--is the dark hell from which there is no return...

The "Ifs" of Finance Ministers

The abandonment of the "mild climate" led to a frantic search for new preelectoral measures: If by election time--Coordination Minister Palaiodrasas and Minister of Finance Evert thought--we succeed in promulgating some new money allowances or even some new tax relief... If we announce that the weekly work hours are reduced from 42 to 40 hours and that we are creating 50,000 new positions thus absorbing the young unemployed... If we persuade our undecided voters that curbing the price index last June (it increased by 1.8 percent compared to 2.6 last year) was not a result of economic coincidence and inflation which causes the prices to drop but a result of the "healthy ND policy..." If...then, Palaiodrasas and Evert insist, we may win the elections!

Along with such measures--which are "studied" by the economic "supervisor" Averof--the ND cadres again restored their contact with the National Array /EP/ since the "true Greeks" also should, as Averof declared, take part in the elections united as "one man."

The new contacts and deliberations are to a large extent facilitated by the transfer of the EP leadership by St. Stefanopoulos to Sp. Theotokis and the "free hand" the new leader was given by deputies and party politicians "to handle future matters at will." But the "bequest" the departing leader has left states that "the government is obligated to account for its conduct to the sovereign people" who "will condemn it mercilessly for all its illegal and unholy actions." But who pays attention to outgoing leaders? The ND leadership, moreover, claims that out of the 6.82 percent (349,988 votes) EP received in the 1977 elections about 5 percent have already returned to the ND fold and that the Sp. Markezinis party in no case will exceed 1.0 to 1.5 percent... Therefore--claim the cadres of the party now in power--any consultations with EP simply aim at "processing" certain of its deputies and politicians who until now have "not returned to the ND fold."

How "Binding" Is the NATO Alliance?

While these developments are happening in the world of the Right, PASOK announced last Sunday the second part of its government program specifying the immediate measures the government of the movement will adopt "for broadening democracy." Among these measures are: the reestablishment of the simple proportional

[electoral] system--which, however, PASOK sold out as a system for the coming elections; the voting by emigrants, seamen and students abroad; the elimination of the [preference] X-mark (cross) and vote-hunting; the financing of parties; the control of election expenditures; the [status] elevation of parliament and the democratization of the state which includes the right of information, the recognition of the national resistance, the unconditional return of the political refugees, the elimination of the "hate events," the abolition of government syndicalism, et al.

The PASOK program explains also its position as concerns the country's place in the international scene--positions particularly lauded by TO VIMA which wrote: "It is time for the various ND 'brains' to stop talking about 'Qaddafiism,' etc." since the PASOK program recognized that "there may be such historic conditions which could compel our country to ally itself defensively with others" (read: NATO). Naturally, the program states that PASOK's strategic target is the withdrawal from NATO but such withdrawal--it is made clear and emphasized--falls within the framework of PASOK's overall strategic target which is the dissolution of the two cold-war blocs--NATO and the Warsaw Pact.

Another Perspective for Change

In contrast to PASOK's program declarations, the two KKE's give their own perspective for change. For KKE-[Exterior], for instance, the imperative issue is for the Right to be thrown out and for it to participate in the second [electoral] distribution since in this way it will be able to assume its share of responsibilities for change. On the other hand, it believes that the questions of removing the bases and nuclear arms, or getting NATO out, "cannot be postponed forever, must not be subject to new bargaining." On the contrary, the first serious step of a democratic government should be to solve the serious--and burning--problems since "change and foreign dependence are not compatible."

In the view of KKE-Interior, on the other hand, change cannot be achieved by undergrading the social role of the mass movements, by underestimating the serious difficulties a democratic government will face during its term in office or by revitalizing elements of the bourgeois policy. Similarly, change cannot be promoted by notions of hegemonism and over-centralization since, as things are, they hinder the cooperation of the forces of the Left. Therefore, there is a need to charter a new perspective toward which can contribute decisively the communists of renewal and all other forces of the renewing Left which, in order to play their historic role, should come out of the coming elections considerably strengthened.

In the meantime, the date for holding elections should not be delayed. Two are the probable dates: 18 and 25 October.

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DEFENSE MINISTER PLANS FOR BUDGET CUTS

Hamburg DER SPIEGEL in German 3 Aug 81 pp 24-25

[Text] Defense Minister Apel is not resisting cuts in his defense budget. He could retrench even more.

FDP defense expert Juergen Moellemann couldn't believe his ears. "That can't be true," he said in exasperation, when Foreign Affairs Minister Hans-Dietrich Genscher reported last Wednesday to the FDP parliamentary group on the budget negotiations of the coalition leaders.

But Genscher confirmed it: The defense minister would guarantee the readiness of the Bundeswehr [Federal Armed Forces] even if his budget increased by only 4.2 percent. Hans Apel, who this year is operating with DM 42 billion, will have to get by on DM 43.7 billion in 1982 instead of the planned DM 45.9 billion. Said Moellemann: "The height of improbability."

For the chief of the Hardthoehe had previously said over and over again that he needed at least DM 3.9 billion more if he was to meet all his obligations vis-a-vis NATO and the arms industry. Failing this, he could only pay penalties to the industry for nonfulfillment of contract and order signs saying "Temporarily Closed" for the gates of military posts.

The military, which has always spent freely, had revised its figures shortly before the coalition talks: The Military Command Council announced that the Bundeswehr could just make it with an additional DM 2.4 billion. But this was the "lowest margin"; otherwise it would have to curtail substantially its training and exercise operations.

Apel nevertheless said not a word last week when SPD Chairman Willy Brandt and Finance Minister Hans Matthoefer demanded in SPD meetings that the defense budget now be included in the cutbacks. He also kept his peace when SPD colleagues on the parliamentary group's security panel asked him about his plans for cuts. Apel's stereotypical response: "I'll go along with whatever the coalition decides."

Surprise was the reaction among coalition politicians and military leaders to the chancellor's assertion that the defense minister had described "in detail" how he intended to get by with half the extra amount (DM 1.7 billion). For no one except Schmidt has heard Apel state his case.

The defense minister has advanced only a few objections to the plans to economize. He continues to resist Matthoefer's proposal to accept volunteers only if they serve more than 2 years. The finance minister wants to use this means of saving the money paid from the first day of service to soldiers with 2-year enlistments (Bundeswehr jargon: "SaZ 2"). Apel's argument goes like this: 14 percent of those serving longer tours of duty were recruited from among the SaZ 2's and signed up for longer periods — specialists who operate and repair complicated gear.

Nor does Apel believe in drastic cuts in the fall maneuvers. Although sand-table games in place of large-scale exercises would save a great deal of money, they would cause additional problems with the Americans and NATO.

As America's ally Genscher conjectured in the cabinet meeting, it would be difficult enough as it is to confess to the Reagan government that now the Federal Republic, NATO's model child, would also no longer be able to achieve the joint goal of increasing defense expenditures by 3 percent annually in real terms.

Schmidt came up with a ready response. He said the Americans were ultimately responsible for the cutbacks: "After all, we're suffering from the high American interest rates."

To be sure, there are enough areas where the Bundeswehr could economize. Said SPD budget expert Rudi Walther: "The military's cost consciousness is underdeveloped, to say the least."

For example, defense ministers since 1972 have had under consideration detailed plans for turning 12 of the 36 army brigades into skeleton units: They would consist only of officers and noncommissioned officers who would keep the equipment and weapons operational and join with reservists for exercises on occasion. Only in the event of a critical situation would the units be brought up to strength within 3 days using reservists from the ready reserves.

Even Johann Adolf Graf von Kielmansegg, NATO's supreme commander in Central Europe from 1966 to 1968, considered this the "best and most efficient solution," because anything else would only require more money and more volunteers serving longer enlistments. Former inspector-general Ulrich de Maiziere proposed a similar plan 2 years ago: "The number of units having to be maintained at full strength is too large."

Yet, neither Schmidt nor Georg Leber nor Apel could bring himself to make a decision, probably for fear of resistance by the military. Inconceivable to military men is the idea of officers without soldiers constantly standing at attention, although Switzerland, Sweden and even Israel have had success with skeleton units.

Also necessary, according to defense budget critics, are deep cuts in the cumbersome military and administrative bureaucracies. "There is no clear delineation of authority," complains Apel. There is "empire-building, one right beside another"; the "structures aren't right." But nothing has been done about the situation.

When the Tornado fighter bomber's multipurpose weapon No 1 was demonstrated in strict secrecy at the Meppen gunnery range on 15 July, the guest list included more than

40 generals, presidents, directors, program supervisors and branch and division heads — who all have a say and who frequently get in each other's way.

The expensive wonder bird is being tested in three separate but similar programs: by industry, by the testing department of the Federal Office for Defense Technology and Procurement (BWB) and, finally, by the armed forces.

The BWB, responsible for developing, testing and procuring military materiel, employed 7,000 people 20 years ago; now it employs 19,800, including those in field offices. President Otto Greve conceded with chagrin that his men often do not have enough to do. Times of "a light work load" alternate with times of "absolute peak load."

The "Bundeswehr Office of Intelligence" created by Apel performs a dual function. In cooperation with the Federal Intelligence Service (BND), it collects in central facilities all important military information. Nevertheless, the command staffs of the armed forces, as well as the army, air force and navy, continue to maintain their own staff departments for "Military Intelligence."

The Defense Ministry alone (3,700 officers and government employees in 317 departments) produces more than 200,000 secret documents and 400,000 unclassified directives, reports and amended documents. Twenty-five inspectors holding the rank of general and colonel travel around interfering with regular troop operations.

The commander of an antiaircraft-missile battalion is checked out 300 times a year; he also has to write 500 reports. The pilot who climbs aboard a Starfighter ought to be familiar with 27 central service regulations (ZDV), 10 air force service regulations (LDV), 36 special directives and more than 100 commands and orders.

"It's a horrible case of hydrocephalus," groaned Apel recently, when forced to confess to SPD defense politicians that he had once again been uninformed — this time about the cost overruns on the six frigates that have been commissioned.

In the future they no longer intend to accept this excuse. In September, once the retrenchment decisions have been made, the defense minister is to be forced by the SPD and FDP into a show of strength against the rampant bureaucracy. Says the FDP's Moellmann: "The small stuff won't do anymore."

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CONSEQUENCES PROJECTED FOR MILITARY BUDGET CUTS

Frankfurt FRANKFURTER ALLGEMEINE in German 1 Aug 81 p 2

[Article by fy.: "Reduced Funds for the Bundeswehr for the First Time in 15 Years? — Cutbacks by the Cabinet/ Farewell to the Promise of 3 Percent"]

[Text] Bonn, 31 July — The FRG defense budget is scheduled to increase, along with the overall federal budget, by 4.2 percent — to a total of DM 43,828,000,000. The cabinet's decision was unanimous. This not only makes it clear that the FRG Government is no longer attempting to keep its word on having FRG defense spending increase by 3 percent annually in real terms up to 1986; also conceivable for the first time in 15 years is a reduction in the funds actually to be placed at the disposal of the Bundeswehr [Federal Armed Forces]; after inflation, that is. This will happen if next year's rate of inflation should be more than 5 percent.

With a budget of DM 43,828,000,000, the defense minister will have at his disposal DM 1,766,000,000 more next year than this year. This is DM 1,221,000,000 less than the amount requested by the Defense Ministry — a request that, considering the alarming budget situation, had already been reduced to essentials.

The extra DM 1,766,000,000 — an amount far in excess of that which the finance minister had wanted to spend on defense — will be supplemented by an additional DM 300 million which Defense Minister Apel was able to funnel to his department as the result of an agreement with Labor Minister Ehrenberg. This extra amount came from a revision of an agreement that had been in effect since 1974. It provides that the Defense Ministry guarantee the pension entitlement of the Bundeswehr's 232,000 draftees by taking over payment of its draftees' contributions, taking as a contributory assessment base the statistically computed average wage of an employee in the Federal Republic — excluding from the average wage computation the earnings of apprentices or any other young people still undergoing training. The average income arrived at in this way — a figure used to compute the pension insurance contribution that has been paid to date — comes to DM 2,500 at present. But this amount is greater than the actual average income of draftees, only a small number of whom were fully established in occupations upon entering the Bundeswehr. In a closer approximation of actual conditions, agreement was reached to reduce the calculation base by 25 percent, to DM 1,900. The amount now to be paid to the pension insurance carriers out of the defense budget is a good DM 300 million less than the sum that heretofore had to be raised.

This reduction can thus be included in the defense budget, but it must of course be kept in mind that this sum has been allocated for specific purposes: It has been earmarked for maintenance of the Bundeswehr's building assets and infrastructure — mainly the renovation of old casernes. It is thus designed to support employment, mainly for smaller and medium-sized construction companies. The Bundeswehr will profit in the form of the renovation of run-down barracks.

Despite the total available sum of DM 1.7 billion plus the DM 300 million saved, the Bundeswehr will be in some distress next year. The most serious effects will be felt in the area of research, development and testing. Although the development work that remains to be done on the Tornado program will continue to be financed, any new development projects that are pending — preparation for the 1990's generation of weapons, for instance — will be impossible. The resulting danger is that the Federal Republic will lose its capability acquired over the past two decades of developing and manufacturing important weapons systems on its own, thus freeing itself of foreign imponderables. Rendered impossible by the lack of funds is development of the 1990's battle tank planned jointly with France. Also ruled out are a new German-French antitank helicopter capable of night fighting and a tactical combat aircraft for the 1990's.

Fuel and Ammunition Remain Dangerously Scarce

The lack of actually needed funds will have the least effect on the major procurement projects: As a result of the accumulation of funds under procurement categories — as was promised to parliament — work can be continued in 1982 on the major projects found on the so-called "Biehle list." Included are the Tornado, the Leopard II, the field howitzer 70, the antiaircraft tanks and the frigate 122, as well as all the other projects on the list compiled by CSU Deputy Biehle. Progress in procurement for large-scale projects cannot, however, be equated with realization of all the projects left over after cuts were made during closed defense sessions in March of this year. Following this week's cabinet deliberations, the word was that there would probably be further cuts in "peripheral" defense projects.

The situation looks far more critical in all other sectors of the military budget than for the very important procurement of the new generation of weapons. It is true that in the personnel sector a successful effort was mounted against having enlistees who signed up for 2 years with the Bundeswehr receive only service pay for the first 15 months — as draftees do. They are to continue to receive from their very first day the full salary paid to an extended-term enlistee. This is designed to sustain the financial incentive to serve longer. To be sure, this was possible only at the cost of a sharp reduction in the number of 2-year enlistees in the Bundeswehr. The finance minister's demand for revocation of salary payments to 2-year enlistees was fended off only on condition that the Bundeswehr reduce its number of 2-year soldiers to 38,000 over the next 2 years. That is precisely the figure set as a minimum by the Defense Structure Commission in its time. Right now, however, the Bundeswehr has 56,000 enlistees who have signed up for 2 years. It is using the 18,000-man excess not only to take the place of draftees but especially to make up for the shortage of soldiers with 3-year enlistments or more. As this excess "melts away" during the next 2 years, the result will be savings of about DM 150 million in 1982, but these savings will create additional personnel problems, chiefly with noncommissioned officers. Beginning 1 January 1982, the Bundeswehr

will no longer be paying the premiums on its draftees' building loan agreements; this action will save another DM 50 million.

Money will be just as tight everywhere else. The defense minister has at his disposal for 1982 only about two-thirds of the extra amount he requested for supplies. In the area of operations and fuels as well, there is not enough money to restore regular troop operations to the pre-1980 level. Nor can reduced fuel supplies be returned to normal in 1982. For the air force, this will probably mean having to stay with the sharply reduced flying time given to every pilot. This year it was already below the norm for the other NATO partners, who are financing anywhere from 180 to more than 200 hours in the air per pilot. But it is not only the army and the air force that will have to cut back; like this year, the navy will also have to forgo larger-scale activity next year.

And finally, it will also be impossible to add to the ammunition stockpile with the money that has been made available; the defense minister himself has called it a serious shortage. Even retention of supplies now on hand is questionable. Given the funds presently available, there is even a possibility that supplies will diminish. Which is to say that, considering the money that has been allocated, even replacement of the ammunition needed for exercises is now in jeopardy.

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